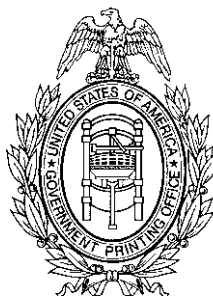


United States Government Printing Office

Annual Report

Fiscal Year 1999

K E E P I N G A M E R I C A I N F O R M E D



UNITED STATES
GOVERNMENT
PRINTING
OFFICE

ANNUAL REPORT
FISCAL YEAR 1999



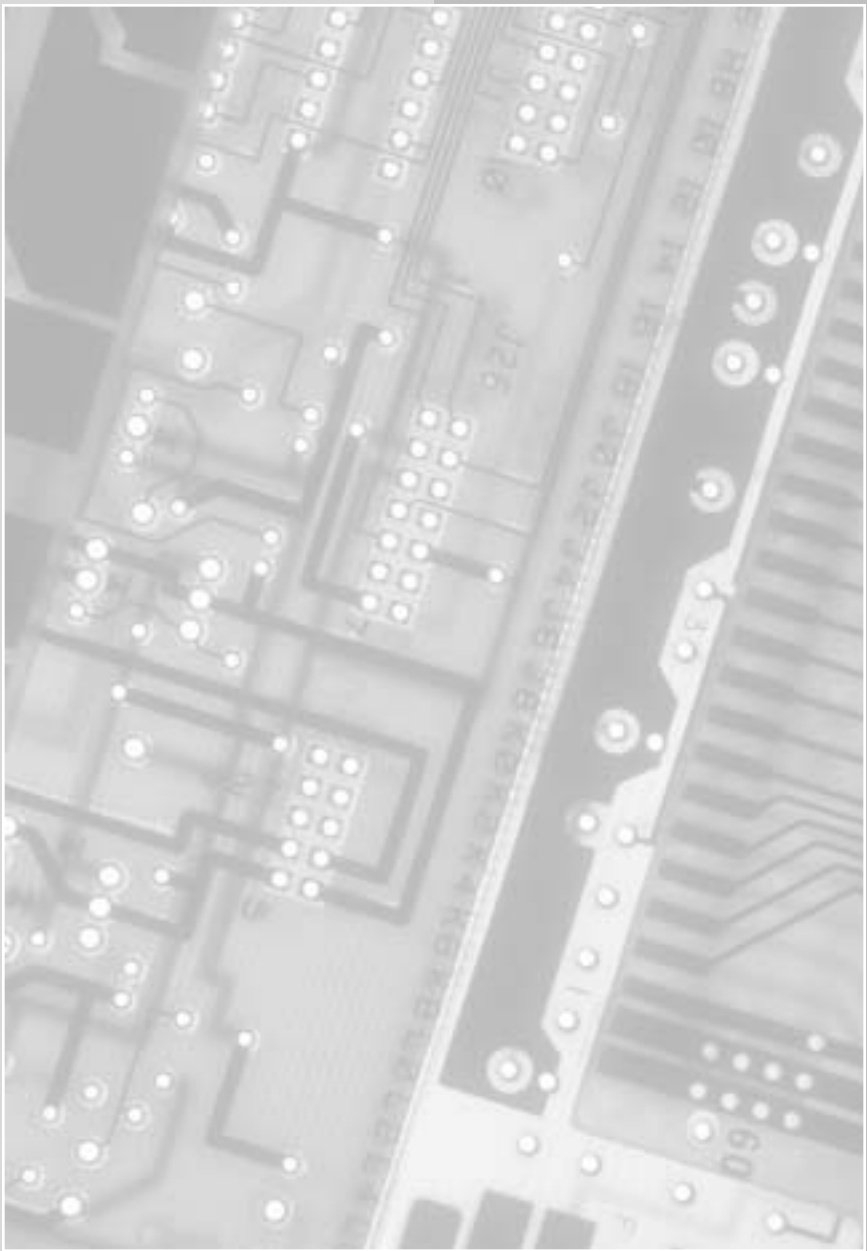


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Public Printer's Message

For the Government Printing Office (GPO), FY 1999 began with an avalanche of activity associated with printing and disseminating the various documents produced by Independent Counsel Kenneth Starr, as well as the massive Omnibus Appropriations bill at the end of the 105th Congress, each under tight deadlines. GPO gained widespread recognition from Congress, the industry, and the public for the rapid production and dissemination of these and other high-profile publications throughout the year—such as the Cox Report on China and the Findings of Fact in the Microsoft case—in both print and electronic formats.

FY 1999 saw GPO ranked first among the top 50 in-plant operations in the Nation by a national trade journal for the second consecutive year, and chosen as a top technology innovator by *PC Week* magazine. Our popular Internet information service, **GPO Access**, earned another Hammer Award for innovative and efficient service provision as well as the American Association of Law Libraries first-ever Public Access to Government Information Award.

The year ended with extensive Y2K testing to ensure that GPO's systems were ready for the new millennium. I am pleased to report that GPO managed the transition to the Year 2000 successfully, with no disruptions to the essential systems supporting Congress' information products.

After two consecutive years of year-end net income, GPO completed FY 1999 with an under-recovery of \$5 million on \$765 million in total revenues, a margin of approximately six-tenths of one percent. The under-recovery was financed by retained earnings and did not place GPO in an anti-deficiency position or require additional appropriations.

The primary cause of the under-recovery was in our sales program, which is funded entirely by revenues earned on sales of publications. In a sense, GPO is a victim of its own success. The free availability of publications on **GPO Access** and other Government Web sites has contributed to reduced sales of printed products, although other factors—including reduced agency publishing and competition from other sales organizations, both public and private—have also contributed to reduced revenues.

We also experienced an under-recovery in our printing procurement program. We have made price adjustments in both programs to increase cost recovery in the future, and we are reviewing additional options to restore the sales program to a sound financial basis.

I am pleased to report that an audit of GPO's financial reports and systems for FY 1999 conducted by KPMG LLP, under contract with the General Accounting Office, resulted once again in a clean opinion for GPO.

As always, the achievements of FY 1999 must be attributed to the men and women of GPO. The skilled work of GPO's dedicated employees enables Congress to function smoothly and allows Federal agencies to fulfill their responsibilities effectively. Most importantly, their work makes it possible for the Federal Government to keep America informed. We look forward to continuing to fulfill this important responsibility.



MICHAEL F. DiMARIO
Public Printer
April 2000



The Government Printing Office

Keeping America Informed

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The Government Printing Office (GPO) keeps America informed. For nearly 140 years, GPO has produced and distributed Federal Government information products. Whether providing public access to Government information online, or producing or procuring printed publications, GPO combines conventional technology with state-of-the-art methods for supporting nearly all the information needs of the Congress, Federal agencies, and the American public.

Role in Government

GPO is part of the legislative branch of the Federal Government. The Public Printer, who serves as GPO's chief officer, is nominated by the President and confirmed by the Senate. GPO operates under the authority of the public printing and documents chapters of Title 44 of the U.S. Code.

Created primarily to satisfy the printing needs of Congress, GPO today is the focal point for printing, binding, and information dissemination for the entire Federal community. In addition to Congress, approximately 130 Federal departments and agencies rely on GPO's services. Congressional documents, Federal regulations and reports, IRS tax forms, and U.S. passports—all are produced by or through GPO. At one time GPO's mission was accomplished through the production and procurement of

traditional ink-on-paper printing. Today, after more than a generation's experience with electronic printing systems, GPO is at the forefront in providing Government information through a wide range of formats, including printing, microfiche, CD-ROM, and online technology through **GPO Access** (www.access.gpo.gov).

Facilities and Personnel

Carrying out GPO's mission takes the skills and dedication of a workforce of approximately 3,200 employees nationwide. Most are based at GPO's central office facility in the Nation's Capital, making GPO the largest industrial employer in the District of Columbia. Also located in the National Capital area are two warehouses, one for paper and the other for publications. Across the country, a printing plant in Denver, 20 regional and satellite procurement offices, a distribution facility and bookstore in Pueblo, CO, and 23 other bookstores—each located in a major metropolitan area—complete GPO's overall structure.

Funding

Unlike most Federal agencies, GPO operates just like a business—it is reimbursed by its customers for the cost of the work it performs. However, GPO receives two small appropriations, one to pay for the cost of congressional printing, and the other to fund the distribution

of Government documents as required by law. These funds are provided through the annual legislative branch appropriations act, and together they comprise about 4 percent of total legislative branch appropriations. In FY 1999, GPO's revenues totaled \$765 million. GPO's finances are audited every year by an independent auditor, and every year they have received an "unqualified" opinion—the best that auditors can issue.

Procurement Services

More than 70 percent of GPO's printing revenue is from agencies for work procured by GPO from the private sector printing industry. GPO has a long-standing partnership with America's printing industry to provide for the Government's printing needs. GPO competitively buys products and services from more than 10,000 private sector firms nationwide in one of the Government's most successful procurement programs, assuring the most cost-effective use of the taxpayers' printing dollar.

In-Plant Operations and Information Technology

GPO's in-plant facility provides sophisticated electronic information systems and state-of-the-art production technologies to fully support the information product needs of Congress and Federal agencies. GPO produces the *Congressional Record* overnight when Congress is in session, and

bills, hearings, documents, reports, and committee prints are all produced in time to support Congress' legislative needs. Also produced in-plant are the *Federal Register*, the Government's official listing of final and proposed rules and regulations, as well as the *Code of Federal Regulations* and other key Government documents, such as the annual *U.S. Budget* and more than 6.7 million U.S. passports and nearly 230 million postal cards each year.

GPO either uses or sells more than 55 million pounds of paper each year, and more than an estimated 100,000 tons of paper are used annually by private sector contractors performing work for GPO. All paper used by GPO and its contractors meets Federal recycled paper requirements and all GPO printing inks utilize vegetable oil.

Beginning in the 1960's, GPO was one of the first printing organizations nationwide to pioneer the use of electronic typesetting systems in place of traditional practices. Since then, successive generations of technology have been deployed by GPO to develop electronic databases of Government information products from which publications in both print and electronic formats are produced. New computer-to-plate technology has further updated GPO's capabilities. GPO has also been a leading producer of CD-ROMs for more than a decade.

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The Government Printing Office (continued)

*Through the
Superintendent of
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GPO disseminates the
largest volume of
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the world.*

Today, GPO uses electronic information technology to increase efficiency in its print production processes, facilitate e-commerce in its printing procurement and documents sales programs, improve administrative and communications capabilities, and expand public access to Government information via the Internet and other electronic means. In both 1998 and 1999, GPO was named the top in-plant operation in the country by *In-Plant Graphics* magazine. Also in 1999, GPO was named by *PC Week* magazine as one of the top technology innovators in the Nation.

Superintendent of Documents

While the original job of GPO was to handle printing, responsibility for the sale and distribution of Government publications was added in 1895, when Congress passed the comprehensive printing act, which became Title 44 of the U.S. Code.

Today, through the Superintendent of Documents' programs, GPO disseminates the largest volume of U.S. Government publications and information in the world. GPO's documents carry an average price of about \$16, although many are low-cost consumer publications. Approximately 10,000 titles are available for sale to the public at any given time. These are sold principally by mail order and through 24 bookstores located in

the Washington, DC, area and around the country. Publications are also sold through the Consumer Information Center in Pueblo, CO. More than 2,500 sales orders are processed every day.

Government information in both traditional and electronic formats is also made available by GPO to more than 1,300 Federal depository libraries nationwide for the free use of the public. These libraries are designated by Members of Congress or by law as official depositories. In FY 1999, GPO distributed 16.1 million copies of approximately 40,000 tangible products in print, microform, and CD-ROM formats to depository libraries. Virtually every depository library also has access to the vast range of information made available online via **GPO Access**.

In addition, GPO distributes U.S. Government publications to more than 50 nations around the world through an International Exchange Program administered by the Library of Congress. Superintendent of Documents' programs also catalog and index Government information, distribute publications as required by law, and provide a reimbursable distribution service for other Federal agencies.

GPO Access

At the forefront of GPO's electronic information dissemination capabilities is **GPO Access**. **GPO Access** is one of the few Government Web sites established by law and one of

the longest running, beginning operation in 1994. It is virtually the only Government Web site that provides easy, one-stop, no-fee access to information from all three branches of the Government.

Today, **GPO Access** links the public to nearly 105,000 individual titles on GPO's servers and an additional 68,000 titles on other Federal Web sites. Overall, more than 520 million documents have been retrieved by the public from **GPO Access** since 1994. Monthly document retrievals today average more than 21 million, or about 924 gigabytes of information.

In 1999, **GPO Access** was selected as one of the top 50 legal research Web sites for the year by *Law Office Computing* magazine, and was named best research site for laws and best Government site overall by the newsletter *legal.online*. It was chosen as the first recipient of the American Association of Law Libraries Public Access to Government Information Award. Also in 1999, GPO and the Department of Energy jointly won a Hammer Award from Vice President Gore's National Partnership for Reinventing Government for an innovative partnership that makes thousands of DOE scientific and technical reports available to the public free of charge over **GPO Access**.

In 1998, **GPO Access** was named one of the 15 "Best Feds on the Web" by Vice President Gore and

Government Executive magazine. *Federal Computer Week* magazine said, "the GPO site stands out as an unassuming, information-rich offering." The internationally recognized management firm of Booz-Allen & Hamilton, Inc., called **GPO Access** "one of the Federal Government's largest and most active Web sites" and said that the site "has been highly successful in making Government information easily available to the public."

In 1997, **GPO Access** and the Commerce Department jointly earned a Hammer Award for creating the electronic *Commerce Business Daily*, known as *CBDNet*. Other awards have included a 1994 Technology Leadership Award and the prestigious 1995 James Madison Award from the Coalition on Government Information.

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Highlights

“The in-plants on our list are models of efficiency...extremely cost conscious and customer-focused ... They continually look out for the good of their parent organizations. In short...they are very well run.”

– *In-Plant Graphics*

GPO RANKED FIRST AMONG NATION’S IN-PLANTS

GPO was named the top in-plant printing operation in the Nation in a December 1998 survey conducted by *In-Plant Graphics*, a widely respected journal of the in-plant printing industry. In making its selection, *In-Plant Graphics* considered factors such as budget, employees, annual impressions, and number of printed jobs. Customer service, responsiveness, and efficiency were also considered. The magazine noted, “The in-plants on our list are models of efficiency...extremely cost conscious and customer-focused ...They continually look out for the good of their parent organizations. In short...they are very well run.”

In-Plant Graphics noted GPO’s “trademark speed and efficiency” in printing and making available electronic versions of the massive amount of Independent Counsel documents released by the House of Representatives, as well as the quick turnaround production of the Omnibus Appropriations Bill at the conclusion of the 105th Congress. The magazine also noted that GPO was nationally recognized for its performance in producing the Starr Report, with articles published in the *Wall Street Journal*, the *Hartford Courant*, and the *Baltimore Sun*, and that House Judiciary Committee Chairman Henry Hyde wrote to the Public

Printer praising GPO for its work. In addition, *In-Plant Graphics* recognized GPO for moving forward aggressively in acquiring and utilizing advanced printing and electronic information technologies, such as its recent acquisition of computer-to-plate equipment, which have resulted in greater efficiencies and cost-savings.

The December 1998 recognition from *In-Plant Graphics* followed the selection earlier in the year of **GPO Access** as one of the “Best Feds on the Web”—one of the top 15 out of more than 4,300 Government Web sites—by Vice President Al Gore and *Government Executive* magazine. GPO was also recognized earlier for service to the Congress and Federal agencies in a management audit performed during 1998 by Booz-Allen & Hamilton, Inc. That audit cited congressional satisfaction with product quality and timely dependability of delivery, agency satisfaction with GPO’s printing procurement services, and broad public support for free access to Government information through GPO’s depository library program.

GPO CHOSEN AS A TOP TECHNOLOGY INNOVATOR BY PC WEEK

During the year, *PC Week* magazine cited GPO as one of the leading public sector technology innovators in the Nation.

The magazine's March 15, 1999, edition contained a "Fast-Track" special report identifying and ranking "the real world organizations using advanced information technologies in the most innovative ways." The *PC Week* Fast-Track report listed, "in order of rank, the government and education institutions that are the most innovative in their use of cutting-edge technologies and applications..." Of the 100 state and Federal government and education sites listed, GPO was ranked ninth. Of all Federal Government sites alone, GPO was ranked second.

In developing its report, *PC Week* utilized a "database of detailed information about specific technologies deployed at some 260,000 government and non-government locations in North America. To find the best and the brightest sites in that database," said *PC Week*, "we created a scoring model that rewarded each site and each institution for having deployed specific, innovative technologies...[such as] electronic commerce, intranet, data warehouse and high-speed networking technologies such as asynchronous transfer mode and Gigabit Ethernet." *PC Week* stated, "this special report doesn't just celebrate the biggest users of IT; it also cites the most innovative by looking at the extent to which advanced IT has penetrated each site in each agency."

Beginning in the 1960's, GPO was one of the first printing organizations nationwide to pioneer the use of electronic typesetting systems in place of traditional practices. Since then, successive generations of technology have been deployed to develop electronic databases of Government information products from which publications in both print and electronic formats are produced. Congress capitalized on GPO's electronic systems in 1993 when it established **GPO Access**, GPO's Internet information service (at www.access.gpo.gov). Today, GPO uses information technology to increase efficiency in its print production processes, facilitate electronic commerce in its nationwide printing procurement and documents sales programs, improve administrative and communications capabilities, and expand public access to Government information via the Internet and other electronic means.

In 1998, **GPO Access** was named one of the 15 "Best Feds on the Web" by Vice President Al Gore and *Government Executive*. *Federal Computer Week* said, "the GPO site stands out as an unassuming, information-rich offering." Booz-Allen & Hamilton, Inc., called **GPO Access** "one of the Federal Government's largest and most active Web sites" and said that the site "has been highly successful in making Government information easily available to the public."

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Highlights (continued)

“GPO has developed and enhanced the GPO Access system to make it the official, no-fee, one-stop public access point for the growing universe of web-based electronic Government information.”

– American Association of Law Libraries



GPO ACCESS SELECTED AS TOP LEGAL RESEARCH AND PUBLIC ACCESS SITE

GPO Access was selected as one of the top 50 legal research Web sites for 1999 by *Law Office Computing* magazine, and was named best research site for laws and best Government site overall by the newsletter *legal.online*. It was also chosen as the first recipient of the American Association of Law Libraries (AALL) Public Access to Government Information Award.

The April/May 1999 issue of *Law Office Computing* presented its choices for the top 50 legal research Web sites nationwide. The sites were selected “based on several years of experience in a large law firm setting, covering almost all practice areas.” The sites named as the top 50 “are favorites of both law librarians who are constantly bombarded by research questions, as well as those personally used and bookmarked by attorneys and paralegals doing their own research.” In addition, the winning sites were picked “based on their usability ... The sites listed here have a good layout, easy-to-use interfaces, and load into your Web browser relatively quickly.” **GPO Access** was one of just seven Federal Government Web sites included among the top 50.

Each year the newsletter *legal.online* picks the “Best of the Web for

Lawyers.” For 1999, the newsletter selected **GPO Access** as both the “best research site for laws” and the “overall best Government site,” noting that “beyond its extensive databases of primary laws, it also houses the Federal Bulletin Board, a collection of more than 4,500 Federal agency documents.”

GPO Access was chosen as the first recipient of the AALL’s Public Access to Government Information Award because “GPO has developed and enhanced the **GPO Access** system to make it the official, no-fee, one-stop public access point for the growing universe of web-based electronic Government information. The **GPO Access** system meets and exceeds criteria established for this award in every respect.” The award was presented during the AALL conference in Washington, DC, in July 1999.

GPO RECEIVES CLEAN OPINION IN AUDIT OF FY 1998 FINANCES

GPO received an “unqualified opinion” in a comprehensive, independent audit of its 1998 financial operations by the nationally recognized accounting firm KPMG LLP.

Under contract with the General Accounting Office, KPMG conducted a thorough audit of GPO’s financial statements and concluded they “are presented

fairly, in all material respects, in conformity with generally accepted accounting principles.”

“This is the highest level of assurance that auditors are allowed to give,” said John A. Farrell, KPMG LLP partner and spokesman for the auditing team.

The audit examined GPO’s financial statements for fiscal year 1998, the second consecutive year in which GPO generated consolidated net income. For the year, GPO generated consolidated net income of nearly \$1.4 million on approximately \$723 million in total revenues.

The audit found “no instances of reportable noncompliance with laws and regulations we tested,” though it recommended the establishment of certain data processing controls. The 1998 financial audit findings continued GPO’s trend of “unqualified” audit opinions—the best that auditors can issue. A KPMG audit of GPO’s 1997 finances produced the same result—an “unqualified” opinion.

The 1998 management audit of GPO by Booz-Allen & Hamilton, Inc., concluded that “the financial management history at GPO demonstrates that the agency has had considerable experience as a business-oriented operation.” They also said “GPO has been a leader in providing Congress accrual-

based accounting and financial statements,” noting that the Chief Financial Officers Act of 1990 requires all executive branch agencies to implement accrual-based accounting systems.

GPO AND ENERGY DEPARTMENT WIN HAMMER AWARD FOR INFORMATION BRIDGE PROJECT

GPO and the Department of Energy (DOE) jointly earned a Hammer Award in 1999 from Vice President Gore’s National Partnership for Reinventing Government for the “Information Bridge,” a project that makes available thousands of unclassified DOE scientific and technical reports in electronic image format via **GPO Access**.

Public access via the “Information Bridge” resulted from an innovative partnership agreement between the DOE’s Office of Scientific and Technical Information (OSTI) and GPO’s Library Programs Service (LPS).

Using web technology, users can now enter the DOE electronic dissemination system through **GPO Access**. The “Information Bridge” gateway provides a specially designed public view to more than 30,000 DOE reports currently available electronically. Using this system, the public can access DOE-funded research and development output since January 1996. Reports are added on a daily basis as the research information is released.



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Highlights (continued)



A GPO-commissioned survey confirmed that the proliferation of mediums and formats has imposed new burdens and responsibilities in terms of equipment, training, and staffing needs.

This program eliminates the need for the reports to be disseminated in a printed format to depository libraries, saving production and distribution costs to the Government and the costs to the libraries to receive, process, shelf, and store the reports. As needed, reports in digital format are downloaded by depository libraries or individual users.

The jointly-earned Hammer Award is the second such honor involving **GPO Access**. In 1997, GPO and the Commerce Department jointly won a Hammer Award for **CBDNet**, the information service which makes the *Commerce Business Daily* freely accessible in real time over the Internet (<http://cbdnet.access.gpo.gov>).

GPO RELEASES FINAL REPORT ON ASSESSMENT OF ELECTRONIC GOVERNMENT INFORMATION PRODUCTS

In April 1999, GPO released the final report of a 9-month survey entitled *Assessment of Electronic Government Information Products*. The survey, commissioned by GPO from the National Commission on Libraries and Information Science (NCLIS), was prepared by an NCLIS contractor, Westat, Inc.

The survey was undertaken to collect information on Federal agency plans and practices related

to the growing use of electronic formats and mediums to disseminate Government information, and the implications of these trends for GPO's Federal Depository Library Program. While the library community strongly supports the increasing availability of Government information in electronic formats, the proliferation of mediums and formats has also imposed new burdens and responsibilities in terms of equipment, training, and staffing needs.

The survey covered information products from 24 different entities in all three branches of the Federal Government, including a number of congressional committees, the Supreme Court, and most of the cabinet departments. Approximately three-quarters of all survey instruments were returned completed.

The final report made 16 key findings. The survey identified the most prevalent mediums used to disseminate Government information, as well as the most prevalent formats, noting that these medium and format standards are "common agency practice rather than agency-mandated." The survey found that "the most prevalent types of mediums are the web, paper, CD-ROM, and bulletin board systems; [and] the most prevalent formats are HTML, PDF, GIF, JPEG, TIFF, and ASCII." The

survey found that “some...agencies are exploring a range of innovative formats and web design approaches for electronic Government information products.”

At the same time, the survey found that “there is an overall lack of Government information policy guiding electronic publishing, dissemination, permanent public access, or information life cycle management,” and that “responsibility for electronic publishing within agencies is decentralized, diffuse, and unclear.” The report said that “the concept of permanent public access is not well understood,” and that “there is a lack of understanding of what ensuring authenticity [of Government information in electronic formats] entails.”

MORE THAN 550 GOVERNMENT INFORMATION LIBRARIANS MEET FOR 8th ANNUAL FEDERAL DEPOSITORY CONFERENCE

In what has become the Nation’s premier event for Government information librarians and those concerned with Government information dissemination programs, more than 550 Federal depository librarians and Federal agency representatives attended the 8th annual Federal Depository Conference, sponsored by GPO in April 1999 in Bethesda, MD. The conference was held concurrent

with the 54th meeting of the Depository Library Council to the Public Printer.

The four-day conference included demonstrations of many World Wide Web sites such as *O*Net*, *Elaws*, and the Bureau of Labor Statistics Web site from the Labor Department, as well as the Bureau of the Census’ *American Factfinder* and the National Climatic Data Center and STAT-USA Web sites from the Commerce Department. The Bureau of Justice Statistics, the National Cancer Institute, and the National Center for Education Statistics, among others, presented updates on their public information activities and products. A representative from the Energy Department discussed plans for the DOE’s Virtual Library of Energy, Science, and Technology. The Director of the Agriculture Department’s National Agricultural Library spoke about the USDA Digital Publications Preservation Framework, and information was provided on the expanded test of the GPO and National Technical Information Service Depository Library Electronic Image Pilot Project.

GPO staff discussed specifics on building the FDLP electronic collection, based on *Managing the FDLP Electronic Collection: A Policy and Planning Document*. A representative of the National Commission on Libraries and Information Science (NCLIS)

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in concert with agency
information producers
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consumers of Government
information.*



Highlights (continued)

*GPO's Federal Depository
Library Electronic
Collection Plan is a
significant step forward
in the congressionally-
mandated transition
of the FDLP to a more
electronic future.*

was on hand to discuss the recently completed *Report on the Assessment of Electronic Government Information Products*, commissioned by GPO from NCLIS. Demonstrations of the online *Federal Register*, the *Code of Federal Regulations*, the *U.S. Code*, and other popular databases available on **GPO Access** were also provided. In addition, a selection of technical and information sessions for attendees was provided, as well as tours of the National Library of Medicine, the U.S. Senate Library, and the National Oceanic and Atmospheric Administration's Central Library.

GPO RELEASES FEDERAL DEPOSITORY LIBRARY ELECTRONIC COLLECTION PLAN

In November 1998, GPO released *Managing the Federal Depository Library Program (FDLP) Electronic Collection: A Policy and Planning Document*. This plan established policies for the development and maintenance of the FDLP electronic collection. Developed in coordination with the library community, the plan is a significant step forward in the congressionally-mandated transition of the FDLP to a more electronic future.

The FDLP Electronic Collection consists of electronic sources that are within the scope of the FDLP and with which GPO has various levels of involvement. In managing the Collection, the guiding

principle is that access to Government information prepared and published at Government expense is a right of the people—the same principle that has guided the FDLP throughout its history. By defining the FDLP Electronic Collection, GPO defined responsibilities for life cycle management of electronic Government information products. GPO directly manages the portion of the Collection that resides on GPO servers, including core congressional and regulatory information products. GPO also produces a broad array of cataloging and locator services that provide access to information residing on agency servers. FDLP partners, including individual depository libraries, universities, consortia, and service providers, will provide storage capacity and other resources to provide permanent access to parts of the Collection they manage.

GPO's goal is to act in concert with agency information producers as well as the end-user consumers of Government information. These actions are carried out in an environment that builds content, assures permanent accessibility, and capitalizes on the cooperative strengths of GPO and the FDLP to expand and strengthen the necessary infrastructure for access, retrieval, and delivery of Government information.



The Collection includes four categories of material:

- Core congressional and regulatory **GPO Access** products which will reside permanently on GPO servers;
- Other remotely accessible products managed by either GPO or by other institutions with which GPO has established formal agreements;
- Remotely accessible electronic Government information products that GPO identifies, describes, and links to but which remain under the control of the originating agencies; and
- Tangible electronic Government information products distributed to Federal depository libraries.

The success of the FDLP Electronic Collection depends on the participation and cooperation of stakeholders at all stages of the information life cycle. GPO's resources are being used to manage products already in the Collection, link users to other Federal Internet sites, and assure permanent access through coordination with other agencies, FDLP partners, and depository libraries.

GPO RELEASES NEW PAPER SPECIFICATION STANDARDS

In April 1999, GPO issued the *Government Paper Specification Standards, No. 11*, to be used by Federal agencies in meeting their printing needs. The *Standards* incorporate President Clinton's recent order that Federal printing papers include a postconsumer fiber content of 30 percent. GPO is one of the Federal Government's largest purchasers of printing papers.

The *Standards* ensure uniformity and consistency in the use of printing, copying, and writing papers throughout the Federal Government. The new *Standards* fully comply with relevant laws regarding printing papers. They also address environmental, workplace safety, and paper longevity issues. The *Standards* incorporate specifications that will help achieve maximum savings in the Government's paper purchases. The last *Standards* were issued in 1994.

The new *Standards* fully comply with the Resource Conservation and Recovery Act (P.L. 94-580), the Solid Waste Disposal Act amendments of 1980 (P.L. 96-482), and President Clinton's recent Executive Order 13101, "Greening the Government Through Waste Prevention, Recycling, and Federal



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Specification Standards
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paper purchases.*

Highlights (continued)



*GPO's new streamlined
procurement processes
and simplified
purchase agreements
alleviate administrative
burdens on Federal
agencies.*

Acquisition" (September 14, 1998). Where practicable, the *Standards* meet or exceed the Executive Order's minimum postconsumer fiber content requirements of 30 percent.

Barriers to the use of "chlorine-free" pulps and bleached chemi-thermo-mechanical pulps (BCTMP) in the paper manufacturing process were removed from the specification where the intended use of the paper is not affected. An uncoated, vegetable-fiber, book paper standard was also included. Map papers with wet-strength properties now meet Occupational Safety and Health Administration (OSHA) requirements (at 29 Code of Federal Regulations 1900.1048) on the release of formaldehyde vapors into the atmosphere. Additionally, the specification of a neutral or alkaline pH is a minimum requirement for many grades of paper in order to increase their longevity, in accordance with the National Policy on Permanent Papers (P.L. 101-423). The new *Standards* also utilize metric measurements consistent with the Nation's metric conversion practices, established in the Omnibus Trade and Competitiveness Act of 1988 (P.L. 100-418).

GPO DEVELOPS STREAMLINED PROCUREMENT PROCESS FOR FEDERAL AGENCIES

In February 1999, GPO announced that it has developed a new streamlined printing procurement process for use by Federal agencies. This process, called the "simplified purchase agreement," will provide streamlined procurement procedures for Federal agencies to acquire printing and information products and services up to \$2,500 in value from local commercial sources. Agencies using simplified purchase agreements will cut their administrative costs and expand procurement opportunities for local small businesses.

The Department of Energy's Savannah River Operations Office is working as a partner with GPO to finalize the criteria for a pilot test of the new procedure. Initial operation of the pilot began in July 1999. GPO is also working on a pilot basis with the Department of Energy's Oak Ridge Tennessee Operations Office, the Internal Revenue Service, the Centers for Disease Control in Atlanta, and the Department of Justice in Miami. GPO will also work with other customer agencies to develop simplified purchase agreements suitable to their specific needs while working to complete a comprehensive procedure for use by all agencies nationwide.

Simplified purchase agreements will be a GPO procurement option for agencies to use for small local purchases, providing them with the maximum possible convenience and control. Simplified purchase agreements will allow agencies to directly place their orders for printing and information products on the basis of “best value,” a concept embracing price and other factors such as responsiveness, business practices, convenience, courtesy, and attention to detail. The agreements also allow agencies to take into account elements of past performance such as work quality, reliability, and schedule compliance.

The new process assures fair and reasonable prices and allows for use of the *Government Paper Specification Standards* and GPO’s Quality Assurance Through Attributes Program (QATAP), ensuring continued consistency, compliance with established standards, and quality control in the Government’s printing and information products. In addition, simplified purchase agreements alleviate an administrative burden on Federal agencies by providing for GPO payment to printing contractors. GPO will also maintain a detailed accounting of all work performed under simplified purchase agreements.

The new streamlined procurement process provides other benefits as

well. Use of the simplified purchase agreement process for buying exceptional or infrequent items will facilitate the development of more focused direct deal term contracts for agencies, resulting in lower prices. It will provide local small businesses with a vehicle through which they can market their services directly to Federal agencies. Agency use of simplified purchase agreements will also help combat the problem of “fugitive documents” by ensuring that products ordered against the agreement are included in GPO’s Federal Depository Library Program.

DEPOSIT ACCOUNT INFORMATION AVAILABLE ELECTRONICALLY

GPO printing and binding customers have several payment options: credit cards, the Treasury Department’s Online Processing and Collection (OPAC) System, and the increasingly popular deposit account.

As agencies discover the ease of using a GPO deposit account to pay for their printing orders, they often increase the amount of funds on deposit. Under a deposit account arrangement, the customer estimates the cost of printing requirements and transfers funds to an account at GPO. As printing and binding charges are incurred, GPO debits the account balance and provides the customer with a monthly statement.

*With immediate
electronic access to
their deposit account
balances, GPO’s
customers can now
manage their
printing budgets
more efficiently.*



Highlights (continued)

GPO's new passport

binding line will

ensure necessary

production capabilities

and help to eliminate

photo substitution

and fraud.

Recently, GPO developed a web page specifically for printing and binding customers with deposit accounts. After providing the account number and password, a customer's detailed account activity and balance is displayed for the current month. The customer may also view account activity for prior months and see the amount billed for the year to date. A special spreadsheet button on the web page allows the customer to immediately download the data into a Microsoft Excel spreadsheet and create agency reports. With immediate electronic access to their deposit account balances, GPO's customers can now manage their printing budgets more efficiently. Numerous positive comments and suggestions were received at a demonstration of the web page for the Interagency Council on Printing and Publications Services in July 1999.

DOD AND GPO IMPLEMENT OPAC COLLECTION PROCEDURES

GPO and the Defense Finance and Accounting Service (DFAS) in Charleston, SC, and Indianapolis, IN, entered into agreements that allow GPO to collect printing bills for most DOD orders via the Treasury Department's Online Payment and Collection (OPAC) System. This has resulted in an immediate increase in cash to

GPO of about \$20 million. GPO agreed to change its procedures to accommodate DFAS's need for line item accounting data in exchange for the right to collect printing bills electronically.

GPO ACQUIRES NEW U.S. PASSPORT BINDING LINE

GPO acquired a new binding line for the production of U.S. passports in 1999. The new system replaced equipment which had been in place since 1986. GPO produces all U.S. passports for the State Department.

Cumulative passport production has been greater than 60 million passports on the existing system. Production in FY 1999 was 6.7 million passports. Passport production requirements are expected to increase by approximately 5 percent annually for the next several years. The new equipment, which was acquired from Uno Seisakusho Company, Ltd., under competitive bidding procedures, will ensure the necessary production capability. Total equipment and site preparation costs for the new system were approximately \$3.6 million.

The State Department introduced a new photo digital passport in November 1998. The new passport book no longer employs the lamination process, but has the data page coated with a secure coating that is applied by GPO's new silk



screen press. This new process will eliminate photo substitution and fraud. Employing the silk screen press adds one task to press operations and eliminates a task in binding operations. The new passport book is being produced in English, French, and Spanish.

NEW CONGRESSIONAL DIRECTORY PRODUCED

GPO produced a new *Congressional Directory 1999-2000* during 1999.

The *Congressional Directory* is one of the oldest working handbooks in the U.S. Government. While there have been directories of one form or another since the first Congress in 1789, the *Congressional Directory* for the first session of the 30th Congress (1847) is considered by scholars and historians to be the first official edition. With the addition of biographical sketches of legislators in 1867, it attained its modern format.

The *Directory* is published by the Senate in partnership with GPO and at the direction of the Joint Committee on Printing, under the authority of section 721 of Title 44, United States Code. Starting with the 105th Congress, GPO has played a significantly greater role in the publication of the *Directory* by providing project management, editing, and other publishing services. For the new edition, a team of employees from GPO's

Production Department, the Office of Planning, the staff of the Superintendent of Documents, and the Congressional Record Index Office provided professional services to complete publication of the *Directory*.

APPROPRIATIONS ACTION FOR GPO IN FY 1999

The House Subcommittee on Legislative Appropriations and the Senate Subcommittee on Legislative Branch Appropriations held their annual hearings on GPO's funding request for FY 2000 in February and March 1999, respectively. GPO requested \$113 million for its two appropriation accounts and an additional \$15 million for a new air conditioning system, elevator renovations and Year 2000 compliance expenses. Congress approved \$73,297,000 for GPO's Congressional Printing and Binding Appropriation, \$29,872,000 for the Salaries and Expenses Appropriation of the Superintendent of Documents, and transferred \$2,500,000 of the General Accounting Office's FY 1999 appropriation to GPO for Year 2000 compliance.

The two appropriations total \$103,169,000, and represent a slight decrease from the level of \$103,729,000 that was approved for GPO for FY 1999. While the Congressional Printing and



*GPO takes pride in
producing the Congressional
Directory, one of the oldest
working handbooks
in the United States
Government.*

Highlights (continued)

*The FY 2000 Legislative
Branch Appropriations
Act included statutory
improvements for
GPO's funding.*

Binding Appropriation declined relative to FY 1999, the Salaries and Expenses Appropriations increased to cover mandatory cost increases for employee pay and supplies and materials.

The FY 2000 Legislative Branch Appropriations Act included three statutory improvements for GPO's funding. GPO's traditional ceiling on full-time equivalent (FTE) employment included language authorizing the Public Printer to request a different staffing level subject to the approval of the House and Senate Appropriations Committees. This gives the Public Printer the flexibility to work with Congress to increase the necessary resources if GPO's workload exceeds expectations.

The approved Act contained language increasing the limit on spending for travel under the Salaries and Expenses Appropriation. These funds cover travel by depository library inspectors to libraries around the Nation, by GPO staff to attend various library association conferences and meetings and to provide training in the use of **GPO Access**, and travel of members of the Depository Library Council to Council meetings to serve in an advisory capacity to the Public Printer.

The legislation also included language increasing GPO's small purchase authority, which is set according to section 3709 of the Revised Statutes (under 41 U.S.C 5), from \$25,000 to \$100,000. GPO now has the same small purchase threshold for buying goods and services that is enjoyed by most other Federal agencies, which are using it to promote efficiency and economy in contracting and to avoid unnecessary burdens for both agencies and contractors.

YEAR 2000 READINESS ACTIVITY

GPO made significant progress toward achieving Y2K compliance for the agency during 1999. As of September 30, 1999, remediation, testing, and implementation was successfully completed for 88 percent of GPO's mission critical systems.

Year 2000 policy guidance issued during the fiscal year included the "Y2K Business Continuity and Contingency Plan," "Y2K Day 1 Planning Guide," and a memorandum establishing a GPO-wide change moratorium on all system development and enhancement activities that were not required to meet the Year 2000 deadline. GPO intensified efforts for end-to-end testing of information systems



with all of its data exchange partners. This testing was completed during the first quarter of fiscal year 2000. GPO actively participated with the House of Representatives' Business Continuity and Contingency Planning (BCCP) working group and the Legislative Branch Working Group for joint development of contingency plans for the infrastructure systems such as utilities and communications. During the year, GPO responded to over 1,000 outside inquiries concerning its Y2K readiness efforts.

*GPO made significant
progress toward achieving
Y2K compliance for
the agency during 1999.*



2001 M Street, N.W.
Washington, DC 20036

Independent Auditors' Report

The Public Printer:

We have audited the accompanying consolidated balance sheets of the United States Government Printing Office (the GPO) as of September 30, 1999 and 1998, and the related consolidated statements of revenues and expenses and cash flows for the years then ended. We have also examined management's assertions, included in the accompanying statement of assurance to us dated January 28, 2000, regarding the effectiveness of the GPO's internal controls over financial reporting that were in place as of September 30, 1999. The objective of our audit was to express an opinion on the fair presentation of the GPO's consolidated financial statements. The objective of our examination of management's assertions regarding internal controls over financial reporting was to express an opinion on management's assertions. In connection with our audit, we also tested the GPO's compliance with certain provisions of applicable laws and regulations.

In our opinion:

The GPO's consolidated financial statements as of September 30, 1999 and 1998, and for the years then ended, are presented fairly, in all material respects, in conformity with generally accepted accounting principles; and

The GPO management has fairly stated, in all material respects, its assertions that internal controls in place as of September 30, 1999, provide reasonable assurance that transactions are properly recorded, processed, and summarized to permit the preparation of the financial statements in accordance with generally accepted accounting principles, and the safeguarding of assets against loss from unauthorized acquisition, use, or disposition; and transactions are executed in accordance with: (a) laws governing the use of budget authority and other laws and regulations that could have a direct and material effect on the financial statements, and (b) any other laws and regulations or government-wide policies that entity management, or the Inspector General have identified as being significant for which compliance can be objectively measured and evaluated.

We noted no instances of reportable noncompliance with laws and regulations we tested.

Our conclusions and the scope of our work are discussed in more detail below.

OPINION ON FINANCIAL STATEMENTS

We have audited the accompanying consolidated balance sheets of the GPO as of September 30, 1999 and 1998, and the related consolidated statements of revenues and expenses and cash flows for the years then ended. These consolidated statements are the responsibility of the GPO's management. Our responsibility is to express an opinion on these consolidated statements based on our audits.

In our opinion, the accompanying 1999 and 1998 consolidated financial statements present fairly, in all material respects, the financial position of the United States Government Printing Office as of September 30, 1999 and 1998, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the GPO's consolidated financial statements taken as a whole. The consolidating and supplemental information on pages 35 through 44 are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in our audits of the consolidated financial statements and, accordingly, we express no opinion on it.

The information contained in the performance measures section has not been audited and, accordingly, we express no opinion on it.

OPINION ON MANAGEMENT'S ASSERTIONS ABOUT THE EFFECTIVENESS OF INTERNAL CONTROLS OVER FINANCIAL REPORTING

We have examined management's assertions included in its statement of assurance to us dated January 28, 2000, that internal controls designed by management provide reasonable, but not absolute, assurance that as of September 30, 1999, the following objectives were met:

- Transactions are properly recorded, processed, and summarized to permit the preparation of the financial statements in accordance with generally accepted accounting principles, and the safeguarding of assets against loss from unauthorized acquisition, use, or disposition; and
- Transactions are executed in accordance with: (a) laws governing the use of budget authority and other laws and regulations that could have a direct and material effect on the financial statements, and (b) any other laws and regulations or government-wide policies that entity management, or the Inspector General have identified as being significant for which compliance can be objectively measured and evaluated.

Although internal controls should be improved as discussed below, in our opinion, management's assertions that internal controls in place as of September 30, 1999, provide reasonable assurance that transactions are properly recorded, processed, and summarized to permit the preparation of the

financial statements in accordance with generally accepted accounting principles, and the safeguarding of assets against loss from unauthorized acquisition, use, or disposition; and transactions are executed in accordance with: (a) laws governing the use of budget authority and other laws and regulations that could have a direct and material effect on the financial statements, and (b) any other laws and regulations or government-wide policies that entity management, or the Inspector General have identified as being significant for which compliance can be objectively measured and evaluated, are fairly stated in all material respects, based upon criteria established under OMB Circular A-123, *Management Accountability and Control* (Revised, June 1995).

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal controls that, in our judgment, could adversely affect the GPO's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned duties. We noted certain matters involving the internal controls over financial reporting that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants.

Our consideration of internal controls would not necessarily disclose all internal control matters that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. Deficiencies in the design and or operations of the GPO's EDP general controls are considered a reportable condition. This condition has been previously reported to management in prior years' audit reports.

The recurring reportable condition on the GPO's EDP general controls relates to the following areas:

▪ **Access Control**

- Certain access controls require modification in order to provide a more secure environment. Access controls should provide reasonable assurance that computer resources (data files, application programs, and computer-related facilities and equipment) are protected against unauthorized modification, disclosure, loss, or impairment. These controls include controls over physical access to computer resources, and controls that prevent unauthorized access to sensitive files.

Examples of weaknesses include:

- Adequate segregation of duties is lacking in the administration of mainframe, database, network security, and the control of application changes.
- Deficiencies with security software set-up were noted.
- Vulnerabilities exist with respect to unauthorized access to certain systems.

▪ **Application Change Control and Systems Development**

- Certain controls over the modification of application software programs are deficient. These controls should be designed to ensure that only authorized programs and modifications are implemented. Without proper controls, there is a risk that security features could be inadvertently or deliberately omitted or "turned off" or that processing irregularities or malicious code could be introduced.

Examples of weaknesses include:

- Lack of comparable change controls across all programming platforms including ADABAS and a lack of change methodology.
- Lack of formal standards and procedures for program changes.
- A System Development Life Cycle methodology has not officially been developed, documented, and implemented.

▪ **Service Continuity**

- Losing the capability to process, retrieve, and protect information maintained electronically can significantly impact an agency's ability to accomplish its mission. For this reason, an agency should have (1) procedures in place to protect information resources and minimize the risk of unplanned interruptions and (2) a plan to recover critical operations should interruptions occur.

Examples of weaknesses include:

- An enterprise-wide disaster recovery plan has not been developed.
- An off-site storage facility is not geographically segregated from the data processing center and system and application documentation is not stored at the off-site facility.
- There are no documented policies for tape rotation.

▪ **Entity-Wide Security Program**

- There are several areas regarding an enterprise-wide security program that are inadequate. The program should establish a framework for assessing risk, developing and implementing effective security procedures, and monitoring the effectiveness of these procedures. Without a well designed program, security controls may be inadequate; responsibilities may be unclear, misunderstood, and improperly implemented; and controls may be inconsistently applied.

Examples of weaknesses include:

- A comprehensive data security plan, policies and procedures have not been finalized.
- An information technology steering committee and an information technology strategic plan have not been developed.
- Comprehensive risk assessments are not performed on a periodic basis.

We recommend that the GPO develop a formal action plan to review and revise its EDP general controls. This plan should address each of the four areas discussed above as well as other areas that impact the general EDP control environment, set forth appropriate corrective action steps, assign responsibilities to employees, and establish target completion dates for each action. This plan should

be adopted by GPO and provide for periodic reviews of progress towards achievement of corrective actions.

This condition was considered in determining the nature, timing, and extent of the procedures to be performed in our audits of the GPO's consolidated financial statements.

We also noted other matters involving the internal controls and their operation that we do not consider to be reportable conditions. These matters, along with further technical details and related recommendations of the reportable condition, will be reported to the GPO's management in a separate letter.

COMPLIANCE WITH LAWS AND REGULATIONS

As part of obtaining reasonable assurance about whether the GPO's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

CONSISTENCY OF OTHER INFORMATION

The Performance Measures, the consolidating financial statements, and other supplemental information contain a wide range of data, some of which are not directly related to the consolidated financial statements. We do not express an overall opinion on this information. However, we compared this information for consistency with the consolidated financial statements. Based on this limited work, we found no material inconsistencies with the consolidated financial statements.

RESPONSIBILITIES

Management's Responsibility. Management is responsible for:

- Preparing the consolidated financial statements and supplemental schedules referred to above in conformity with generally accepted accounting principles, and for preparing the performance measures;
- maintaining adequate internal controls designed to fulfill control objectives; and
- complying with applicable laws and regulations.

Auditors' Responsibility. Our responsibility is to express an opinion on the consolidated financial statements, based on our audits. Standards, identified below, require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are reliable (free of material misstatement and presented fairly, in all material respects, in conformity with generally accepted accounting principles).

We are also responsible for expressing an opinion, based on our examination, on whether management's assertions regarding the effectiveness of internal controls are fairly stated, in all material respects, based on criteria established under OMB Circular A-123, *Management Accountability and Control* (Revised, June 1995).

As part of obtaining reasonable assurance about whether the consolidated financial statements are free of material misstatement, we are also responsible for reporting any instances of material noncompliance with certain provisions of laws and regulations.

To fulfill these responsibilities, we:

- Examined, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements;
- assessed the accounting principles used and significant estimates made by GPO management;
- evaluated the overall financial statement presentation;
- assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements;
- obtained an understanding of the internal controls over financial reporting;
- tested and evaluated the design and operating effectiveness of relevant internal controls over significant cycles, classes of transactions, and account balances;
- tested compliance with certain provisions of laws and regulations that may materially affect the financial statements; and
- performed such other procedures as we considered necessary in the circumstances.

We did not evaluate all internal controls relevant to operating objectives as broadly defined by OMB Circular A-123, such as those controls relevant to preparing statistical reports and ensuring efficient operations. We limited our internal control testing to those controls necessary to achieve the objectives outlined in our opinion on management's assertions about the effectiveness of internal

controls. Because of inherent limitations in internal controls, fraud may occur and not be detected. Also projections of any evaluation of internal controls over financial reporting to future periods are subject to the risk that the internal control procedures may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

We conducted our audits in accordance with generally accepted auditing standards, and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We conducted our examination of management's assertions regarding the effectiveness of the GPO's internal controls over financial reporting in place as of September 30, 1999, in accordance with standards established by the American Institute of Certified Public Accountants. We believe that our audit and examination provide a reasonable basis for our opinions.

DISTRIBUTION

This report is intended solely for the information and use of the Public Printer, the Joint Committee on Printing, and the GPO management, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

January 28, 2000
Washington, D.C.

U.S. Government Printing Office

Performance Measures

September 30, 1999

Operating Performance Measures

Congressional Record Delivery

The Congressional Record (Record) is an important tool and product of the legislative process, and its production is a large part of GPO's mission. To gauge how well GPO is serving Congress by producing the Record timely, GPO has established a deadline of 9 AM the following day, when copy is received in GPO by midnight, regardless of whether the Senate or the House of Representatives is in session. Our actual on-time delivery rate was 88.2 percent in fiscal year 1999, compared with 83.8 percent in fiscal year 1998.

Overtime Management

GPO makes an ongoing effort to minimize overtime hours. In fiscal year 1999, overtime hours increased to 211,000 hours from 206,000 hours in fiscal year 1998, or 2.4 percent. The cost of overtime in fiscal year 1999 increased by about \$900,000 from fiscal year 1998's level. However, we were successful in achieving our goal in fiscal year 1999, as actual overtime hours worked were below the upper limit of 250,000 overtime hours. Our goal for fiscal year 2000 is a maximum of 230,000 overtime hours.

Production Chargeable Hours

Chargeable hours decreased to 825,000 in fiscal year 1999 from 861,000 in fiscal year 1998, a decrease of 36,000 hours, or 4.2 percent, while the number of employees available for work decreased 5.9 percent. The results for 1999 met our goal of equaling or exceeding the chargeable hours necessary to achieve break-even operations. Our fiscal year 2000 chargeable hour goal is to achieve the number of chargeable hours necessary to achieve break-even in Production Operations. Due to the mix in hourly rates charged for the various printing processes, a specific chargeable hour target cannot be established.

On-Time Delivery of Procured Printing

The Printing Procurement Operations contracted with commercial printing firms to ship 164,900 jobs in fiscal year 1999 compared with 176,500 jobs in fiscal year 1998. For fiscal year 1999, GPO's goal was to have at least 95 percent of procured printing orders delivered on time and a quality acceptance rate of at least 99 percent. GPO met its goals by attaining a 95 percent on-time delivery rate and a 99 percent quality acceptance rate. The goals for fiscal year 2000 remain the same as those for fiscal year 1999.

Financial Performance Measures

Cash Management

▪ **Payment Performance** – In fiscal year 1999, GPO continued its strong payment performance by paying contractors within the discount period when it was to the government's advantage. GPO's total purchased printing expense for fiscal year 1999 was \$473 million after deducting prompt payment discounts of \$6.7 million. The resultant 1.4 percent of discounts taken to net purchased printing met the 1.4 percent goal set for the year. Our goal for fiscal year 2000 remains at 1.4 percent.

Discounts lost increased to \$250,000 in fiscal year 1999 from \$186,000 in fiscal year 1998. The percentages of discounts lost to discounts offered were 3.6 percent and 2.7 percent in fiscal years 1999 and 1998, respectively. We did not achieve our goal set for fiscal year 1999, which was a maximum of 2.5 percent. Our goal for fiscal year 2000 remains at 2.5 percent.

▪ **Electronic Payments** – The use of electronic funds transfer (EFT) payments results in savings for GPO and the Department of the Treasury because paper checks do not have to be produced and processed. In 1999, approximately 30,100 monthly payments, or 95 percent, of all GPO payments were made by EFT, compared with 23,600 monthly payments, or 88 percent of all payments in fiscal year 1998. Therefore, our goal for fiscal year 1999, which was to increase the percentage of EFT payments of total payments, was met. Our goal for fiscal year 2000 is to continue increasing EFT payments.

Debt Management

▪ **Federal Receivables** – In fiscal year 1999, GPO billed Federal agencies \$666.4 million for printing and binding services. Of this amount, \$435.7 million, or 65.4 percent, was collected using the Department of the Treasury's On-Line Payment and Collection (OPAC) system. This is a significant increase from fiscal year 1998, when 55.9 percent of GPO collections were through OPAC.

The increase in GPO collections made via OPAC is the result of two agreements between GPO and the Department of Defense (DoD) in fiscal year 1999. From March 1998 to May 1999, credit cards were used for billing the Pentagon's Defense Automated Printing Service (DAPS) offices; however, this was too expensive for both DAPS and GPO. Beginning in May, DoD's DAPS and Defense Finance Accounting Service (DFAS) in Charleston, SC, agreed to use Treasury's OPAC system for billing and collecting for all DAPS offices. Also, DAPS-Indianapolis agreed to begin using OPAC to pay GPO for Army invoices.

In fiscal year 1999, GPO's average monthly receivables more than 90 days overdue were \$14.0 million, or 52.0 percent of the monthly average of outstanding receivables. The DoD's account at GPO, with an average monthly balance more than 90 days overdue of \$13.1 million, or 80.0 percent of all of GPO's delinquent receivables, was GPO's largest delinquent account. At the end of fiscal year 1999, DoD owed GPO \$966,000 for billed, completed work that was between 31 and 60 days overdue, \$166,000 that was between 61 and 90 days overdue, and \$9.2 million that was more than 90 days overdue.

GPO accounts receivable due from other agencies were further reduced as agencies expanded their use of GPO Printing and Binding Deposit Accounts. At the end of the year there were over 100 accounts valued at over \$30 million. Deposit Accounts allow agencies to pre-pay for their printing. This greatly simplifies customer agencies obligation, liquidation, and payment, plus it provides detailed information through the Web. The information is maintained under secure conditions and can be downloaded into their application or printed out.

Management Comments on GPO Financial Statements

As allowed by the Federal Accounting Standards Advisory Board (FASAB), GPO's consolidated financial statements are prepared in accordance with the generally accepted accounting principles (GAAP) used by commercial enterprises. GAAP requires that financial statements be prepared on the accrual basis of accounting. Accrual accounting dictates that expenses are recorded when incurred, and revenues are recorded when earned, regardless of when cash is disbursed or received. GAAP also requires accounting principles used be applied in a manner consistent with that of the previous year. The accompanying financial statements provide information on all events and economic affairs controlled by the GPO in conformity with established regulations, procedures, and promulgated accounting principles.

GPO's accounting system includes internal controls designed to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are properly recorded. To ensure that adequate internal controls are maintained, management monitors the systems that provide management data, and initiates modifications or improvements deemed necessary to promote operational efficiencies and encourage adherence to prescribed managerial policies.

▪ Operating Issues

GPO's continuing mission is to assist Congress and Federal agencies in the cost-effective creation and replication of information products and services, and to provide effective and economical public access to government information. GPO strives to operate and manage its resources efficiently, and to achieve steady gains in productivity.

Neither Congress nor GPO has the ability to accurately forecast the volume of printing that may be needed for the legislative process. In those years where congressional workload exceeded funding available, GPO used its authority to temporarily fund shortfalls through the Revolving Fund. In recent years, funding to provide Congress its printing services has been adequate, and no near-term shortfalls are anticipated.

There has been a steady decline in recent years in traditional printing and binding in the Federal government. Certain GPO performance measures (*i.e.*, chargeable hours and number of procured jobs processed) reflect the decline. To stem the adverse financial impact that would typically ensue, GPO has actively been: downsizing its workforce; reducing its operating costs; trying to attain a larger share of the federal printing market; encouraging customers to adopt electronic-media products when cost effective; and adjusting the rates to the extent necessary.

In 1998, GPO entered into reimbursable agreements with the Bi-cameral Commission on the

Future of Medicare and the Census Monitoring Board. These agreements required GPO to provide each group with services beyond GPO's traditional printing and binding mission. For a small annual fee, GPO provides each group with complete payroll services. Also, GPO uses its existing infrastructure of Personnel Services, Materials Management Services, etc., to support each group. These agreements continued into fiscal year 1999, and have saved both groups the expense of maintaining administrative staffs to perform these functions, thus freeing their resources to focus on their primary objectives.

▪ Fiscal Year 1999 Financial Results

The public printing and documents chapters of Title 44, United States Code, require GPO to fulfill the printing needs of the Federal government and distribute government publications to the public. GPO activities are financed through a Revolving Fund, which is reimbursed by payments from customer agencies, sales to the public, and transfers from the Congressional Printing and Binding Appropriation and the Superintendent of Documents Salaries and Expenses Appropriation. These two annual appropriations are used to reimburse GPO for costs incurred while performing congressional work and fulfilling statutory requirements associated with the distribution of government publications, respectively. Reimbursements from the appropriations to the Revolving Fund are recorded as revenue, and unexpended appropriations are returned to the U.S. Treasury after 5 years.

GPO experienced a consolidated net loss of \$5.0 million in fiscal year 1999, compared with a \$1.4 million net income in fiscal year 1998. In 1999, the net loss includes a \$3.8 million charge to increase the estimate for long-term Workers' Compensation Liability (Note 2K). Revenues increased by \$42.4 million (5.9 percent) overall, while expenses increased by \$48.8 million (6.8 percent). An analysis of operations by major operating areas indicates that Printing and Binding Operations had net income for the year of \$4.4 million, (including \$2.5 million provided by Congress to offset expenses incurred for Y2K remediation). However, Sales of Publications Operations sustained a net loss of \$9.4 million.

The Sales of Publications Operations revenue of \$50.8 million declined by \$9.8 million, or 16.1 percent when compared to fiscal year 1998 revenue of \$60.6 million. This trend of declining revenue started in fiscal year 1997 due primarily to free electronic publications becoming available on the Internet. Since fiscal year 1997, the revenue stream has decreased by 25 percent.

The Sales of Publications Program lost a total of \$12.9 million for fiscal years 1999 and 1998. As a result of these losses, there is a negative balance of \$4.7 million in the Equity of the U.S. Government, Revolving Fund for the Sales of Publications Operations at September 30, 1999, as shown below and on the Consolidating Balance Sheet by Fund Type, in millions:

Printing and Binding Operations	\$195.3
Sales of Publications Operations	(4.7)
Total Revolving Fund Equity	<u>\$190.6</u>

The Revolving Fund Equity for the Sales of Publications Operations represents the accumulated loss since fiscal year 1993. Prior to fiscal year 1993, due to statutory restrictions

whereby earnings reverted to the U.S. Treasury, the Sales of Publications Operations were unable to accumulate retained earnings.

A summary of revenues and net income or loss in each GPO major operation is shown below.

GPO's Major Operations (Unaudited)

(Dollars in thousands)				
	1999		1998	
	Revenues	Net Income or (Loss)	Revenues	Net Income or (Loss)
Revolving Fund:				
Printing and binding operations:				
Purchased printing-				
Central	\$306,537	\$924	\$274,992	\$813
Regional	207,070	(6,547)	192,444	(7,684)
Subtotal	513,607	(5,623)	467,436	(6,871)
In-house printing-				
Central	190,961	10,181	189,213	11,712
Regional	1,250	(761)	1,534	(672)
Subtotal	192,211	9,420	190,747	11,040
Other	2,281	598	2,934	1,227
Subtotal of printing and binding operations	708,099	4,395	661,117	5,396
Information dissemination:				
Sales of publications	50,812	(9,247)	60,557	(3,626)
Agency distributions	4,866	(193)	5,077	(395)
Subtotal	55,678	(9,440)	65,634	(4,021)
Appropriations:				
Salaries and expenses	33,163	-	30,962	-
Congressional printing and binding	76,554	-	73,185	-
Subtotal	109,717	-	104,147	-
Total before eliminations	873,494	(5,045)	830,898	1,375
Eliminations (1)	(108,497)	-	(108,300)	-
Total after eliminations	\$764,997	(\$5,045)	\$722,598	\$1,375

- (1) The eliminations include revenue recognized by one area of the GPO for products or services produced or provided to another area of GPO. In order to avoid reporting the expense and revenue for intra-company transactions, eliminating entries must be made. In fiscal year 1999, major eliminations included printing work charged to the Congressional Printing and Binding Appropriation (\$76.6 million), publications printed for the Sales of Publications Program for resale to customers (\$13.4 million), and printing for programs funded by the Salaries and Expenses Appropriation (\$15.2 million).

▪ Fiscal Year 2000 Projections

GPO projects close to breakeven operations for fiscal year 2000. GPO estimates that revenue and expenses will increase over 1999 figures, particularly in Printing and Binding Operations due primarily to the printing of materials for the Decennial Census. GPO will continue to develop and employ efficient business practices and production processes to contain costs where possible. Examples include: Production Operation's automated platemaking system, new passport production line and installation of two replacement presses, Printing Procurement's re-engineered procurement support system and revised rate structure, and Superintendent of Documents Integrated Processing System and consolidation of warehouse space. The GPO will continue to emphasize cost-effective methods of providing customer agencies and the public with government information and dissemination services.

GPO expects to operate at less than the congressionally mandated full-time equivalent ceiling of 3,313 for fiscal year 2000, with no degradation in core products and services. This is possible primarily to efficiencies from recent investments in new technology and on-going automation efforts.

▪ Reporting Year 2000 Issues

With the publication of GPO Instruction 705.26 titled "GPO Year 2000 Program Guide" on March 16, 1998, the Year 2000 (Y2K) program/projects were given top priority with total support and commitment from GPO management. Subsequently, several procedural guidance documents were issued by GPO. By December of 1999, GPO had completed a component level Business Continuity and Contingency Plan for GPO's four major core business processes and issued a Day-1 Planning Guide. In addition, Y2K-required employees were identified and provided instructions for the rollover to the new millennium to ensure GPO's infrastructure was safe and systems were operational.

GPO worked closely with its exchange partners, making relevant information pertaining to GPO procedures and operations available. In addition, GPO provided exchange partners the opportunity to conduct tests to ensure exchanges met their Y2K requirements. Extensive testing was conducted with several major exchange partners including the Senate, the House, and the Library of Congress.

GPO's estimated costs associated with the Y2K Program/Projects are as follows:

Year	Estimated Costs
1996	\$301,145
1997	\$626,840
1998	\$6,383,070
1999	\$5,950,498
2000	\$1,279,400
Total	\$14,540,953

The projected costs are based upon the information presently available and include the costs associated with remediation of non-mission-critical applications and GPO's facilities. It is anticipated that any future costs incurred because of the Year 2000 will be minimal.

A memorandum for "Reporting Y2K-Related Problems Experienced during the First Month of Year 2000" was issued by the Deputy Public Printer in order to develop an after-the-fact report on GPO's Y2K efforts. There were no interruptions in service reported.

U. S. Government Printing Office Consolidated Balance Sheets

As of September 30, 1999 and 1998
(Dollars in thousands)

Assets			Liabilities and Equity of the U.S. Government		
	1999	1998		1999	1998
CURRENT ASSETS			CURRENT LIABILITIES		
Funds with U.S. Treasury (Note 2E)	\$ 175,772	\$ 165,200	Accounts payable and accrued expenses (Note 6)	\$ 90,577	\$ 81,452
Accounts receivable, net (Note 4)	164,015	154,917	Deferred revenue (Note 7)	61,467	43,565
Inventories, net (Note 2F)	21,821	22,730	Accrued annual leave (Note 2H)	10,542	11,331
Prepaid expenses	610	656	Total current liabilities	162,586	136,348
Total current assets	362,218	343,503			
			OTHER LIABILITIES		
PROPERTY, PLANT, AND EQUIPMENT (Notes 2G & 5)			Workers' compensation liability (Notes 2K and 8)	32,634	28,881
Land and buildings	18,633	18,633	Total other liabilities	32,634	28,881
Equipment and building improvements	190,760	184,304	Total liabilities	195,220	165,229
Total property, plant, and equipment	209,393	202,937			
			COMMITMENTS AND CONTINGENCIES (Notes 9 and 10)		
Less: Accumulated depreciation and amortization	(136,019)	(129,124)			
Net property, plant, and equipment	73,374	73,813	EQUITY OF THE U.S. GOVERNMENT		
			Revolving Fund (Note 11)		
			Cumulative results of operations	95,000	100,045
			Invested capital	95,616	96,143
			Appropriated Funds (Note 12)	49,756	55,899
			Total equity of the U.S. government	240,372	252,087
Total assets	\$ 435,592	\$ 417,316	Total liabilities and equity of the U.S. government	\$ 435,592	\$ 417,316

The accompanying notes are an integral part of these consolidated financial statements.

U.S. Government Printing Office
Consolidated Statements of Revenues and Expenses
For the Fiscal Years Ended September 30, 1999 and 1998
(Dollars in thousands)

	1999		1998	
	Amount	Percent of Revenues	Amount	Percent of Revenues
REVENUES				
Printing and binding	\$ 600,410	78.6%	\$ 553,730	76.6%
Sales of publications	50,812	6.6	60,557	8.4
Appropriations	108,909	14.2	103,234	14.3
Reimbursements	4,866	0.6	5,077	0.7
Total revenues	764,997	100.0	722,598	100.0
EXPENSES				
Printing and reproduction	459,617	60.1	413,588	57.2
Personnel compensation and benefits	205,020	26.8	195,029	27.0
Supplies and materials	38,288	5.0	40,343	5.6
Rents, communications, and utilities	25,207	3.3	27,633	3.8
Publications sold	13,406	1.8	16,806	2.3
Depreciation and amortization	8,403	1.1	8,366	1.2
Other services	8,310	1.1	10,727	1.5
Surplus publications	3,336	0.4	2,963	0.4
Travel and transportation	8,455	1.1	5,768	0.8
Total expenses	770,042	100.7	721,223	99.8
NET (LOSS) INCOME	\$ (5,045)	-0.7%	\$ 1,375	0.2%

The accompanying notes are an integral part of these consolidated financial statements

U.S. Government Printing Office
Consolidated Statements of Cash Flows
For the Fiscal Years Ended September 30, 1999 and 1998
(Dollars in thousands)

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (5,045)	\$ 1,375
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	8,403	8,366
Depreciation expense funded from appropriated capital	(444)	(444)
Gain on disposal of property, plant, and equipment	(46)	(56)
Changes in assets and liabilities:		
(Increase) decrease in assets-		
Accounts receivable	(9,097)	(11,767)
Inventories	909	750
Prepaid expenses	46	(454)
Increase (decrease) in liabilities-		
Accounts payable and accrued expenses	9,125	(3,325)
Deferred revenue	17,901	14,085
Accrued annual leave	(789)	61
Workers' compensation liability	3,754	(2,891)
Total adjustments	29,762	4,325
Net cash provided by operating activities	24,717	5,700
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(8,091)	(9,320)
Proceeds from sale of property, plant, and equipment	83	83
Net cash used in investing activities	(8,003)	(9,237)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in unexpended appropriations	(5,987)	(4,418)
Funds returned to U.S. Treasury from:		
Salaries and Expenses Appropriation	(155)	-
Net cash used in financing activities	(6,142)	(4,418)
NET INCREASE (DECREASE) IN FUNDS WITH U.S. TREASURY	10,572	(7,955)
FUNDS WITH U.S. TREASURY, beginning of year	165,200	173,155
FUNDS WITH U.S. TREASURY, end of year	\$ 175,772	\$ 165,200

The accompanying notes are an integral part of these consolidated financial statements.

U.S. Government Printing Office
Notes to Consolidated Financial Statements
September 30, 1999 and 1998

1. Organization:

The U.S. Government Printing Office (GPO), a Legislative Branch agency, was established by the public printing and documents statutes of Title 44 of the U.S. Code. Congress enacted this legislation to provide to the Federal government an economic and efficient means for the production and procurement of congressional and agency printing and binding, and for the dissemination of information to the public. The Public Printer, appointed by the President of the United States with the advice and consent of the U.S. Senate, oversees the operations of GPO. GPO discharges its responsibilities through the operation of a Revolving Fund and congressional appropriations.

2. Significant Accounting Policies:

A. Basis of Accounting

As allowed by the Federal Accounting Standards Advisory Board (FASAB), the accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with the generally accepted accounting principles applicable to commercial enterprises.

B. Basis of Consolidation

The accompanying consolidated financial statements of GPO include the accounts of all funds under GPO control that have been established and maintained to account for the resources of GPO. All significant intra-agency balances and transactions have been eliminated in consolidation. In addition, beginning in Fiscal Year 1998, GPO established reimbursable agreements with the Census Monitoring Board and the Bi-Cameral Commission on the Future of Medicare. Under these continuing agreements, GPO, for a fee, provides administrative support services. Expenses incurred and the subsequent reimbursement to GPO have been removed from GPO's financial statements.

Intra-agency transactions that were eliminated to consolidate GPO financial statements for the years ended September 30, 1999 and 1998, consisted of the following.

	(Dollars in thousands)	
	1999	1998
Printing and reproduction:		
Congressional printing and binding	\$76,554	\$73,185
Sales of publications	13,406	16,806
Salaries and expenses	15,206	14,790
GPO internal use	575	379
Total printing and reproduction	105,741	105,160
Data processing	1,948	2,227
Miscellaneous	808	913
Total	\$108,497	\$108,300

In addition, there is an elimination within the In-house Printing Program of revenues and expenses for services and other internal transactions (*e.g.*, internal-use forms, electronic repairs) provided to and by the In-house Printing Operations. This elimination was \$9,285,000 and \$5,297,000 for the years ended September 30, 1999 and 1998, respectively. The increase results from eliminating revenue and expenses for the Census Monitoring Board (CMB) of \$4,602,000 in fiscal year 1999. GPO performed cross-servicing for CMB for only part of fiscal year 1998 and all of fiscal year 1999.

C. Methods of Funding

- **Revolving Fund** accounts are established to finance a continuing cycle of operations with receipts derived from operations. The GPO Revolving Fund is used to finance two major GPO programs: Printing and Binding Operations and Sales of Publications Operations.

Printing and Binding Operations accounts record transactions related to printing and binding performed for customer agencies and Congress. Sales of Publications Operations accounts are used to record transactions related to the sale of government publications and the distribution of publications on behalf of customer agencies.

- **General Fund** accounts record financial transactions arising under annual congressional appropriations. GPO operates two major programs that are financed in this manner: the Salaries and Expenses Appropriation and the Congressional Printing and Binding Appropriation.

The Salaries and Expenses Appropriation account records transactions for expenses incurred by the Superintendent of Documents for depository library distributions, international exchange distributions, other statutory distribution of publications, and for the cataloging and indexing of government publications.

The Congressional Printing and Binding Appropriation account is used to record printing and binding performed for Congress and for printing and binding publications authorized by law to

To the extent feasible, general and administrative expenses have been allocated among the various expense categories based on the estimated level of effort associated with each program.

D. Revenue Recognition and Expended Appropriations

- **In-house Printing and Binding** – By law, GPO must be reimbursed for printing and binding services by the customer agency. Consequently, all Revolving Fund revenues from in-house printing and binding work (work not commercially procured) are recognized on a value-added basis, *i.e.*, as work is performed.
- **Commercially Procured Printing and Binding** – Revolving Fund revenues from commercially procured printing and binding are recognized on the date the contract requirements are fulfilled, which is generally the date of shipment by the commercial contractor to the requesting agency.
- **Distributing or Selling Publications** – Revolving Fund revenues from distributing or selling publications are recognized when the publications have been shipped or when the services have been performed.
- **Appropriation Revenues** – Appropriation revenues are recorded when the qualifying expenses are incurred. The amount of appropriations expended and the programs funded by appropriations are presented in Note 12A. Unexpended appropriations are recorded as a component of Equity of U.S. Government (see Note 12B). Appropriation balances are canceled after 5 years.
- **Deferred Revenues** - Deferred revenues result from the receipt of customer remittances for products or services that will be delivered or provided in the future. Deferred revenues are classified into the following categories: deferred subscription revenue, customer deposits-held on account, customer deposits-unfilled orders, and advanced billings to Federal agencies.

Deferred subscription revenue represents the value of the subscription service that has not yet been provided for products such as the *Congressional Record*, the *Federal Register*, and the *Commerce Business Daily*. The category, "Customer deposits-held on account," represents amounts received from customers for deposit in pre-established accounts to provide the customer the convenience of sending periodic payments to pay for publications ordered, rather than remitting payments for every item ordered. "Customer deposits-unfilled orders," represents funds received for publications not available for immediate shipment. Revenue for these transactions will be recognized at the time the products (subscriptions, publications, etc.) are delivered. Finally, "Advanced billings to Federal agencies," are advance payments made by agencies to cover the cost of producing large printing orders. This revenue is recognized as work is completed.

E. Funds with U.S. Treasury

Funds with U.S. Treasury represent all unexpended balances in GPO's accounts with the Department of the Treasury. A breakdown of items included in GPO's funds with the U. S. Treasury as of September 30, 1999 and 1998 follows.

		(Dollars in thousands)	
		1999	1998
Revolving fund		\$122,155	\$110,938
Appropriations:			
	1994	-	2,210
	1995	5,030	6,095
	1996	8,257	8,151
	1997	12,840	14,369
	1998	3,329	22,573
	1999	23,604	-
Total appropriations		53,060	53,398
On-hand and in-transit		557	864
Total		\$175,772	\$165,200

In 1997, the U.S. General Accounting Office (GAO) defined restricted funds with U.S. Treasury for GPO as funds with U.S. Treasury held for customer deposit accounts and employees' accrued salaries and annual leave. These cannot be used other than for those specific purposes. GPO had restricted funds with U.S. Treasury of \$67.0 million and \$46.9 million at September 30, 1999 and 1998, respectively. Also, the agreement between GPO and the Census Monitoring Board (CMB) provided for CMB funds to be reported on GPO's Treasury statements. GPO's "Year end Closing Statement" (TFS 2108) included \$3,823,000 in unexpended CMB appropriations that have been excluded from GPO's financial statements.

All appropriated funds were either expended or obligated at September 30, 1999 and 1998 (See note 12).

F. Inventories

The components of inventories as of September 30, 1999 and 1998 are as follows.

	(Dollars in thousands)	
	1999	1998
Publications for sale	\$11,971	\$11,093
Allowance for surplus publications	(2,532)	(2,393)
Publications for sale, net	9,439	8,700
Paper	5,126	6,450
Materials and supplies	9,350	9,532
Allowance for obsolescence	(2,094)	(1,952)
Paper, materials, and supplies, net	12,382	14,030
Inventories, net	\$21,821	\$22,730

Inventories of publications held for sale are valued at the lower of cost, using the weighted average cost method, or market, and are shown net of an allowance for surplus publications. The allowance for surplus publications is established for the estimated value of potentially obsolete or excess publications held in inventory.

Paper, materials, and supplies inventory includes the cost of production material (e.g., blank paper, spare parts, ink, and book cloth), as well as the cost of administrative-use supplies. This inventory is valued at the lower of cost, using the weighted moving average cost method, or market, net of an allowance for materials and supplies obsolescence. There is no provision for paper obsolescence due to the frequency of use.

G. Property, Plant, and Equipment

Property and equipment purchases and additions are valued at cost. Printing equipment transferred to GPO from other Federal agencies is valued in accordance with JCP Regulation Number 26, *Government Printing and Binding Regulations*. This valuation approximates fair market value.

Major alterations and renovations are capitalized while normal maintenance and repair costs are expensed as incurred. Depreciation and amortization of property and equipment is calculated on a straight-line basis over their respective estimated useful lives. The range of estimated useful lives of GPO assets is as follows.

Category	Estimated Useful Life
Buildings and improvements	42 to 50 years
Plant machinery and equipment	5 to 20 years
Office machinery and equipment	5 years
Computer hardware	5 years
Computer software	3 years
Furniture and fixtures	5 years
Vehicles	3 to 6 years

Leasehold improvements are amortized over the lesser of their useful lives or lease terms.

Beginning with fiscal year 1999, GPO increased the threshold for capitalizing assets from \$5,000 to \$25,000. Only those assets with acquisition values of \$25,000 or more are capitalized. The impact of this change on the fiscal year 1999 statements is an increase in materials and supplies expense of about \$120,000.

H. Annual, Sick, and Other Types of Leave

Annual leave is accrued as a liability when earned, and the liability is reduced when leave is used. Each year the annual leave liability is adjusted to reflect current pay rates. At September 30, 1999, the liability for accrued annual leave was \$10,542,000 compared with \$11,331,000 at September 30, 1998.

Sick leave and other types of non-vested leave are expensed when used. There is no limit on the amount of sick leave that may be accumulated, and no payment is made for unused sick leave.

I. Accounting for Intra-agency Activities

Other Federal agencies make financial decisions and report certain financial matters on behalf of the entire Federal government, including matters in which individual agencies may be an indirect party. Federal agencies are required to record or report only those financial matters for which they are directly responsible (GAO's Policies and Procedures Manual for Guidance of Federal Agencies, Title 2, "Accounting"). Financial matters maintained or reported by other Federal agencies in which GPO is indirectly involved include employee benefit plans (see Note 3) and certain legal situations (see Note 10).

J. Statements of Cash Flows

The statements of cash flows identify cash receipts and payments and classify them into operating, investing, and financing activities. The disclosure of this information is intended to help assess the ability of GPO to generate funds from current operations, to identify financing acquired from outside sources, and to identify the major non-operating (investing) uses of funds. For purposes of these statements, cash is considered to be Funds with U.S. Treasury, as defined in Note 2E.

K. Workers' Compensation Liability

The Workers' Compensation Liability (WCL) is the estimated liability for future compensation and medical benefits that GPO will be obligated to pay. GPO discounted the value of estimated future payments to reflect the time value of money and increased future payments for estimated cost of living adjustments and consumer price index increases. The probability of future payments was based on historical benefit payment patterns combined with current information related to individual benefit claims. The estimated liability was increased by \$3.8 million in fiscal year 1999.

L. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements, and the amount of revenues and expenses reported during the reporting period. Actual results could differ from these estimates.

M. Reclassification of Fiscal Year 1998 Balances

Certain reclassifications have been made to fiscal year 1998 balances to present them consistently with the fiscal year 1999 financial statements.

3. Employee Benefit Plans:

GPO funds a portion of pension contributions for its employees under the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS), and also makes payroll deductions from employees for their pension contribution. The required employer contributions are established by the U.S. Office of Personnel Management (OPM). OPM is responsible for government-wide reporting of FERS and CSRS assets, accumulated plan benefits, and unfunded liabilities. Therefore, GPO is not required to disclose the unfunded pension liability and post-employment benefits relative to its employees.

A. Civil Service Retirement System

The majority of GPO's employees were covered by the CSRS, a defined benefit plan, during fiscal years ending September 30, 1999 and 1998. Total GPO (employer) contributions to CSRS for employees covered under this retirement program were 9.01 percent in both fiscal years 1999 and 1998 for *Congressional Record* indexers, investigators, and law officers; and 8.51 percent in fiscal years 1999 and 1998, respectively, for all other employees. GPO's contributions were \$9.5 million and \$9.8 million for the years ended September 30, 1999 and 1998, respectively.

B. Federal Employees Retirement System

On January 1, 1987, the FERS commenced pursuant to Public Law 99-335. Using Social Security as a base, the FERS provides a defined benefit plan (Basic Benefit Plan) and a voluntary (defined contribution) plan. Employees hired after December 31, 1983, were automatically covered by FERS and Social Security, while employees hired prior to January 1, 1984, were able to choose between joining this plan or remaining in CSRS. Unlike CSRS,

FERS offers the Federal Government's Thrift Savings Plan (TSP), which requires GPO to contribute 1 percent of an enrolled employee's base pay, and additionally to match voluntary employee contributions up to 4 percent of base pay.

In both fiscal years 1999 and 1998, GPO (employer) contributions to FERS were 15.4 percent for *Congressional Record* indexers; 23.3 percent for investigators and law officers; and 10.7 percent for all other employees covered under this plan. Total GPO contributions were \$4.9 million and \$4.6 million in fiscal year 1999 and 1998, respectively. TSP requires GPO to contribute 1 percent of an enrolled employee's base pay, and additionally to match voluntary employee contributions up to 4 percent of base pay. Additional contributions of GPO's share to the TSP for the years ended September 30, 1999 and 1998, totaled \$1.7 million in both fiscal years.

C. Social Security System

GPO matches contributions to the Social Security Administration (SSA) under the Federal Insurance Contributions Act (FICA). For employees covered by FERS, GPO contributes matching amounts of 6.2 percent of gross pay (up to \$72,600) to SSA's Old Age, Survivors, and Disability Insurance (OASDI) Program. Additionally, GPO makes matching contributions for all employees of 1.45 percent of gross pay to SSA's Medicare Hospital Insurance Program. Payments to these programs for the years ended September 30, 1999 and 1998 totaled \$5.6 million and \$5.4 million, respectively.

D. Pension and Other Post-Employment Benefits Provided by Others

FASAB Statement of Federal Financial Accounting Standards No. 5, *Accounting for Liabilities of the Federal Government*, requires federal agencies to follow Federal Accounting Standards to recognize their share of the "normal cost" of pension and other post-employment benefits provided by others. To the extent that normal costs exceed current contributions, the standard requires that an additional expense be recognized, or offset, by imputed funding.

As allowed by the FASAB, GPO has historically elected to prepare its financial statements on the basis of commercial enterprise generally accepted accounting principles and accordingly has reflected only the current cost of these programs in its financial statements since OPM is responsible for funding the normal cost component.

4. Accounts Receivable:

Accounts receivable as of September 30, 1999 and 1998, consists of the following .

	(Dollars in thousands)	
	1999	1998
Federal Agencies:		
Unbilled completed work	\$126,997	\$120,667
Unbilled work in process	31,582	16,089
Billed completed work	6,608	17,876
Subtotal	165,187	154,632
Other receivables:		
The public	597	814
GPO employees	1,065	972
Subtotal	1,662	1,786
Total accounts receivable	166,849	156,418
Allowance for doubtful accounts	(2,834)	(1,501)
Total accounts receivable, net	\$164,015	\$154,917

The majority of GPO accounts receivable are due from other Federal agencies. Unbilled completed work results from the delivery of goods or the performance of services for which bills have not been presented. At September 30, 1999, this balance included finished work for which invoices have not been prepared of \$24.9 million, unbilled commercial printing of \$64.9 million, and finished work of \$36.5 million that will be collected via the U. S. Treasury's OPAC system in October 1999. At September 30, 1998, this balance included finished work for which invoices had not be prepared of \$55.1 million, unbilled commercial printing of \$52.4 million, and finished work of \$12.7 million that was collected via the U.S. Treasury's OPAC in October 1998.

Unbilled work in process represents the amount of work performed on customer orders as of September 30, 1999 and 1998, that by law must be reimbursed by GPO customers.

Employees' accounts receivable for fiscal year 1999 includes \$971,000 and \$76,000 owed by current and former employees, respectively, who were advanced leave. Leave indebtedness for employees is repaid in biweekly installments or by other GPO employees on their behalf, through the donated leave program. Employee's accounts receivable for fiscal year 1998 included \$911,000 and \$53,000 owed by current and former employees, respectively, who were advanced leave.

5. Property, Plant, and Equipment:

Property, plant, and equipment as of September 30, 1999 and 1998 consisted of the following.

	(Dollars in thousands)			
	Acquisition Value	Accumulated Depreciation & Amortization	1999 Net Book Value	1998 Net Book Value
Land	\$9,977	\$ -	\$9,977	\$9,977
Buildings	8,656	8,656	-	-
Subtotal	18,633	8,656	9,977	9,977
Building improvements	55,450	38,406	17,044	18,650
Leasehold improvements	1,311	1,107	204	555
Plant machinery and equipment	83,832	60,051	23,781	23,541
Office machinery and equipment	21,699	15,495	6,204	5,453
Computer software	17,449	7,897	9,552	9,112
Furniture and fixtures	3,112	1,466	1,646	1,892
Vehicles	3,243	2,941	302	383
Capital improvements in process	1,092	-	1,092	256
Software development in process	3,572	-	3,572	3,994
Subtotal	190,760	127,363	63,397	63,836
Total	\$209,393	\$136,019	\$73,374	\$73,813

6. Accounts Payable and Accrued Expenses:

Accounts payable and accrued expenses as of September 30, 1999 and 1998 were composed of the following.

	(Dollars in thousands)	
	1999	1998
Accounts payable:		
Commercial printing	\$62,056	\$50,548
U.S. Government agencies	11,849	15,420
Other	5,594	4,540
Total accounts payable	79,499	70,508
Accrued salaries and wages	10,328	10,154
State and local payroll taxes	750	790
Total accounts payable and accrued expenses	\$90,577	\$81,452

7. Deferred Revenue:

As of September 30, 1999 and 1998, deferred revenue consisted of the following.

	(Dollars in thousands)	
	1999	1998
Deferred subscription revenue	\$12,106	\$14,718
Customer deposits-held on account	45,343	24,700
Customer deposits-unfilled orders	1,960	1,362
Advanced billings to Federal agencies	2,058	2,785
Total	\$61,467	\$43,565

"Customer deposits-held on account" totaling \$45.3 million represents amounts received in advance from printing and binding customer agencies to cover future printing requirements of \$38.7 million; and, monies deposited, totaling \$6.6 million, by Sales of Publications Program customers to enable them to purchase publications without remitting cash with each order. Unused deposit account balances are refunded upon customer request.

8. Summary of Significant Assumptions for Workers' Compensation Liability:

Projected annual benefit payments have been discounted to present value using the Office of Management and Budget's (OMB) economic assumptions for 10-year Treasury notes and bonds. Interest rate assumptions utilized for discounting purposes in 1999 and 1998 closely approximating those provided by OMB were as follows.

	1999	2000	2001	2002	2003 and thereafter
1999	N/A	5.60	5.60	5.60	5.60
1998	5.60	5.60	5.60	5.60	5.60

Wage inflation factors (cost of living adjustment, or COLA) and medical inflation factors (consumer price index for medical costs, or CPIM) were used to calculate the estimated future compensation and medical payments. Retention rates were developed using data provided by the Department of Labor to estimate the claims that would continue being paid in the future. A retention rate of 92 percent was applied to current claims in addition to future COLA and CPIM factors.

The COLA and CPIM factors used to develop the estimated liability at September 30, 1999 follow.

	2000	2001	2002	2003	2004 and thereafter
COLA	1.8%	2.3%	2.4%	2.5%	2.5%
CPIM	3.7%	4.0%	4.0%	4.1%	4.1%

The future payments were estimated over the life expectancy of each claimant. The life expectancy rates were based on annuity tables prepared by the Internal Revenue Service and used to estimate the expected remaining life of Federal retirees for determining reportable taxable pension benefits.

The Workers' Compensation Liability is approximately \$32.6 million and \$28.9 million at September 30, 1999 and 1998, respectively.

9. Commitments:

A. Operating Leases

As of September 30, 1999, GPO was committed to various non-cancelable operating leases, primarily covering warehouse, office, and retail space. Some of these leases contain escalation clauses and renewal options. A schedule of future minimum rental payments required under operating leases by type, which have initial or remaining non-cancelable lease terms in excess of one year follows.

Fiscal Year	(Dollars in thousands)			
	Warehouse	Retail	Office	Total
2000	\$2,255	\$523	\$270	\$3,048
2001	893	461	191	1,545
2002	679	395	91	1,165
2003	679	195	6	880
2004	622	120	-	742
2005 and beyond	-	9	-	9
Total minimum lease payments	\$5,128	\$1,703	\$558	\$7,389

Rent expenses for the years ended September 30, 1999 and 1998, were \$6,270,000 and \$5,958,000, respectively.

B. Commitments on Undelivered Orders

Some of GPO's orders for goods and services have been placed, but have not been delivered at fiscal year-end. Total undelivered orders for all GPO activities were approximately \$127.4 million and \$91.7 million as of September 30, 1999 and 1998, respectively.

10. Contingencies:

Administrative proceedings, Legal actions, and Claims

GPO is a party to various administrative proceedings, legal actions, and claims brought by or against it. In the opinion of GPO management and legal counsel, the ultimate resolution of these proceedings, actions, and claims will not materially affect the financial position or results of operations of GPO.

Occasionally, GPO may be the named party, but another agency may administer and litigate the case. Amounts to be paid under any decision, settlement, or award pertaining thereto may be funded by those agencies. In most cases, tort claims are administered and resolved by the U.S. Department of Justice, and any amounts necessary for resolution are obtained from a Special Judgment Fund maintained by the Department of the Treasury. Amounts paid from this fund on behalf of the GPO were \$375,600 and \$17,300 for the years ended September 30, 1999 and 1998, respectively, and are not reflected in the GPO's consolidated financial statements.

11. Revolving Fund:

A. Cumulative Results of Operations

Cumulative results of operations for the Revolving Fund include net operating results since its inception, reduced by funds returned to the Department of the Treasury by legislative rescissions, and by transfers to other Federal agencies.

B. Invested Capital

Invested Capital represents Federal government resources directly appropriated to GPO by Congress to invest in GPO assets, primarily in land, buildings, equipment, and working capital. The Revolving Fund was established in 1953 with appropriated funds of \$33.8 million, and buildings and land with a fair market value of \$415,000. Subsequently, Congress provided additional funding to GPO of \$75.5 million for working capital (\$58 million since 1953) and land and other improvements (\$17.5 million since 1971).

Increases to Invested Capital are also recorded when printing equipment is donated to GPO. Invested Capital is reduced over the useful life of the donated asset or when retired. The net book value of assets donated to GPO from other agencies was \$314,000 and \$398,000 in fiscal years ending September 30, 1999 and 1998, respectively.

The Revolving Fund received appropriations totaling \$12.9 million during the 1970's for an air-conditioning system that was recorded as Invested Capital. Invested Capital is reduced annually by \$444,000 to reflect the air-conditioning system's depreciation.

In fiscal year 1998, Congress authorized that up to \$11,017,000 of GPO's Invested Capital to be used to supplement the 1998 Congressional Printing and Binding Appropriation. Based on fiscal year 1998 expenditures and obligations, and an estimate of funding required to complete all work obligated during the year, GPO transferred \$3,748,000 to the 1998 Congressional Printing and Binding Appropriation, which was recorded as a reduction in Invested Capital in fiscal year 1998. In fiscal year 1999, due to greater than anticipated requirements for Congress's 1998 printing and binding, GPO credited \$3.3 million from GPO's Revolving Fund to the 1998 Congressional Printing and Binding Appropriation to fund the completion of work obligated in 1998.

C. Summary of Revolving Fund Activity

Below is a summary of activity for the Revolving Fund portion of Equity of U.S. Government in fiscal years ending September 30, 1999 and 1998. See Note 12 for Appropriated Funds summary.

	(Dollars in thousands)		
	Cumulative Results of Operations	Invested Capital	Total Revolving Fund
Revolving Fund balance, September 30, 1997	\$98,670	\$100,210	\$198,880
Donated equipment, net	-	125	125
Reclassification to transfer depreciation expense for air-conditioning system	-	(444)	(444)
Fund transfer from Revolving Fund to Congressional Printing and Binding Operations	-	(3,748)	(3,748)
Net income for fiscal year ending September 30, 1998	1,375	-	1,375
Revolving Fund balance, September 30, 1998	100,045	96,143	196,188
Donated equipment, net	-	(83)	(83)
Reclassification to transfer depreciation expense for air-conditioning system	-	(444)	(444)
Fund transfer from Revolving Fund to Congressional Printing and Binding Operations	-	-	-
Net loss for fiscal year ending September 30, 1999	(5,045)	-	(5,045)
Revolving Fund balance, September 30, 1999	\$95,000	\$95,616	\$190,616

12. Appropriated Funds:

A. Available Appropriations

Total appropriations initially made available for fiscal years ending September 30, 1999 and 1998, were \$74,465,000 and \$70,652,000 for Congressional Printing and Binding, respectively, and \$29,264,000 and \$29,077,000 for Salaries and Expenses of the Superintendent of Documents.

B. Expended Appropriations

Expended appropriations for program operations for the years ending September 30, 1999 and 1998, were as follows.

	(Dollars in thousands)	
	1999	1998
Congressional printing and binding:		
Congressional Record products	\$18,688	\$17,337
Miscellaneous publications and printing and binding	18,271	16,799
Hearings	14,121	16,945
Bills, resolutions, and amendments	11,795	8,762
Details to Congress	2,593	2,504
Other	11,086	10,838
Total congressional printing and binding	76,554	73,185
Salaries and expenses:		
Depository library distribution	29,338	26,830
Cataloging and indexing	2,755	2,959
By-law distribution	618	558
International exchange	452	615
Total salaries and expenses	33,163	30,962
Total expended appropriations	\$109,717	\$104,147
Reconciliation of expended appropriations to the consolidated statements of revenues and expenses:		
Total expended appropriations	\$109,717	\$104,147
Eliminations (Intra-agency)	(808)	(913)
Consolidated revenues from appropriations	\$108,909	\$103,234

C. Unexpended Appropriations

As of September 30, 1999, GPO had obligated services for the unexpended portion of the Congressional Printing and Binding and Salaries and Expenses appropriations for \$33,779,000 and \$15,977,000, respectively. At September 30, 1998, these amounts were \$35,868,000 and \$20,031,000, respectively.

13. Concentration of Credit Risk:

GPO financial instruments, none of which are held for trading purposes, consist primarily of cash and cash equivalents, accounts receivable, and accounts payable at September 30, 1999 and 1998. GPO estimates the fair value of financial instruments at September 30, 1999 and 1998 to be the carrying value. Cash and cash equivalents are held by the U.S. Treasury, accounts receivable are primarily due from various U.S. Government agencies, and accounts payable are primarily due to various commercial vendors.

14. Major Customers:

GPO's primary customers are Federal agencies. Revenues from those customers representing 10% or more of GPO's revenues are as follows.

	(Dollars in thousands)			
	1999		1998	
	Amount	Percent	Amount	Percent
Department of Defense	\$130,027	17.0%	\$148,947	20.6%
Department of U.S. Treasury	\$98,495	12.9%	\$82,427	11.4%
Congress	\$76,554	10.0%	\$80,643	11.2%

U.S. GOVERNMENT PRINTING OFFICE
Consolidating Balance Sheet by Fund Type
 As of September 30, 1999
 (Dollars in thousands)
 (Unaudited)

	Revolving Fund		General Fund				
	Printing and Binding Operations	Sales of Publications Operations	Salaries and Expenses Appropriation	Congressional Printing and Binding Appropriation	Total Before Eliminations	Eliminations	Consolidated
ASSETS							
CURRENT ASSETS							
Funds with U.S. Treasury	\$ 112,856	\$ 9,857	\$ 19,280	\$ 33,779	\$ 175,772	\$ -	\$ 175,772
Accounts receivable, net	172,043	4,346	107	-	176,496	(12,481)	164,015
Inventories:							
Publications for sale, net	-	9,439	-	-	9,439	-	9,439
Paper	5,126	-	-	-	5,126	-	5,126
Materials and supplies, net	7,256	-	-	-	7,256	-	7,256
Total inventories, net	12,382	9,439			21,821		21,821
Prepaid expenses	610	-	-	-	610	-	610
Total current assets	297,891	23,642	19,387	33,779	374,699	(12,481)	362,218
PROPERTY, PLANT, AND EQUIPMENT							
Land and buildings	18,633	-	-	-	18,633	-	18,633
Building improvements	55,450	-	-	-	55,450	-	55,450
Leasehold improvements	1,311	-	-	-	1,311	-	1,311
Plant machinery and equipment	83,832	-	-	-	83,832	-	83,832
Office machinery and equipment	21,699	-	-	-	21,699	-	21,699
Computer software	17,449	-	-	-	17,449	-	17,449
Furniture and fixtures	3,112	-	-	-	3,112	-	3,112
Vehicles	3,243	-	-	-	3,243	-	3,243
Capital improvements in process	1,092	-	-	-	1,092	-	1,092
Software development in process	3,572	-	-	-	3,572	-	3,572
Less: Accumulated depreciation and amortization	(136,019)	-	-	-	(136,019)	-	(136,019)
Net property, plant, and equipment	73,374	-	-	-	73,374	-	73,374
Total assets	\$ 371,265	\$ 23,642	\$ 19,387	\$ 33,779	\$ 448,073	\$ (12,481)	\$ 435,592

U.S. GOVERNMENT PRINTING OFFICE
Consolidating Balance Sheet by Fund Type
As of September 30, 1999
(Dollars in thousands)
(Unaudited)

	Revolving Fund		General Fund		Total Before Eliminations	Eliminations	Consolidated
	Printing and Binding Operations	Sales of Publications Operations	Salaries and Expenses Appropriation	Congressional Printing and Binding Appropriation			
LIABILITIES AND EQUITY OF THE U.S. GOVERNMENT							
CURRENT LIABILITIES							
Accounts payable and accrued expenses	\$ 92,082	\$ 7,566	\$ 3,410	\$ -	\$ 103,058	\$ (12,481)	\$ 90,577
Deferred revenue	40,707	20,760	-	-	61,467	-	61,467
Accrued annual leave	10,542	-	-	-	10,542	-	10,542
Total current liabilities	143,331	28,326	3,410	-	175,067	(12,481)	162,586
OTHER LIABILITIES							
Workers' compensation liability	32,634	-	-	-	32,634	-	32,634
Total other liabilities	32,634	-	-	-	32,634	-	32,634
Total liabilities	175,965	28,326	3,410	-	207,701	(12,481)	195,220
Commitments and contingencies							
EQUITY OF THE U.S. GOVERNMENT							
Revolving fund	195,300	(4,684)	-	-	190,616	-	190,616
Appropriated funds	-	-	15,977	33,779	49,756	-	49,756
Total Equity of the U.S. Government	195,300	(4,684)	15,977	33,779	240,372	-	240,372
Total liabilities and equity of the U.S. Government	\$ 371,265	\$ 23,642	\$ 19,387	\$ 33,779	\$ 448,073	\$ (12,481)	\$ 435,592

U.S. GOVERNMENT PRINTING OFFICE
Consolidating Schedule of Revenues and Expenses by Fund Type
 For the Fiscal Year Ended September 30, 1999
 (Dollars in thousands)
 (Unaudited)

	Revolving Fund		General Fund				
	Printing and Binding Operations	Sales of Publications Operations	Salaries and Expenses Appropriation	Congressional Printing and Binding Appropriation	Total Before Eliminations	Eliminations	Consolidated
REVENUES							
Printing and Binding	\$ 708,099	\$ -	\$ -	\$ -	\$ 708,099	\$ (107,689)	\$ 600,410
Sales of Publications	-	50,812	-	-	50,812	-	50,812
Appropriations	-	-	33,163	76,554	109,717	(808)	108,909
Reimbursements	-	4,866	-	-	4,866	-	4,866
Total Revenues	708,099	55,678	33,163	76,554	873,494	(108,497)	764,997
EXPENSES							
Printing and reproduction	473,023	575	15,206	76,554	565,358	(105,741)	459,617
Personnel compensation and benefits	165,655	30,180	10,683	-	206,518	(1,498)	205,020
Supplies and materials	35,317	1,988	1,093	-	38,398	(110)	38,288
Rents, communications, and utilities	12,792	9,260	3,383	-	25,435	(228)	25,207
Publications sold	-	13,406	-	-	13,406	-	13,406
Depreciation and amortization	6,938	1,099	366	-	8,403	-	8,403
Other services	6,532	1,923	775	-	9,230	(920)	8,310
Surplus publications	-	3,336	-	-	3,336	-	3,336
Travel and transportation	3,447	3,351	1,657	-	8,455	-	8,455
Total Expenses	703,704	65,118	33,163	76,554	878,539	(108,497)	770,042
NET INCOME (LOSS)	\$ 4,395	\$ (9,440)	\$ -	\$ -	\$ (5,045)	\$ -	\$ (5,045)

U.S. GOVERNMENT PRINTING OFFICE
Consolidating Schedule of Cash Flows by Fund Type
For the Fiscal Year Ended September 30, 1999
(Dollars in thousands)
(Unaudited)

	Revolving Fund		General Fund		Total Before Eliminations	Eliminations	Consolidated
	Printing and Binding Operations	Sales of Publications Operations	Salaries and Expenses Appropriation	Congressional Printing and Binding Appropriation			
CASH FLOWS FROM OPERATING ACTIVITIES							
Net income (loss)	\$ 4,395	\$ (9,440)	\$ -	\$ -	\$ (5,045)	\$ -	\$ (5,045)
Adjustments to net income (loss):							
Depreciation and amortization	8,403	-	-	-	8,403	-	8,403
Depreciation Expense funded from appropriated capital	(444)	-	-	-	(444)	-	(444)
Gain on disposal of property, plant, and equipment	(46)	-	-	-	(46)	-	(46)
Changes in assets and liabilities:							
(Increase) decrease in assets-							
Accounts receivable	(8,018)	(1,717)	66	3,748	(5,921)	(3,176)	(9,097)
Inventories	1,648	(739)	-	-	909	-	909
Prepaid expenses	46	-	-	-	46	-	46
Increase (decrease) in liabilities-							
Accounts payable and accrued expenses	5,667	(1,709)	1,991	-	5,949	3,176	9,125
Deferred revenue	20,283	(2,382)	-	-	17,901	-	17,901
Accrued annual leave	(789)	-	-	-	(789)	-	(789)
Workers' compensation liability	3,754	-	-	-	3,754	-	3,754
Total adjustments	30,504	(6,547)	2,057	3,748	29,762	-	29,762
Net cash provided by (used in) operating activities	34,899	(15,987)	2,057	3,748	24,717	-	24,717
CASH FLOWS FROM INVESTING ACTIVITIES							
Capital expenditures	(8,091)	-	-	-	(8,091)	-	(8,091)
Proceeds from sale of property, plant, and equipment	88	-	-	-	88	-	88
Net cash used in investing activities	(8,003)	-	-	-	(8,003)	-	(8,003)
CASH FLOWS FROM FINANCING ACTIVITIES							
Increase in unexpended appropriations	-	-	(3,899)	(2,088)	(5,987)	-	(5,987)
Funds returned to U.S. Treasury from:							
Salaries and Expenses Appropriation	-	-	(155)	-	(155)	-	(155)
Funds transferred from Revolving Fund to Congressional Printing and Binding Appropriation	(3,748)	-	-	3,748	-	-	-
Net cash provided by (used in) financing activities	(3,748)	-	(4,054)	1,660	(6,142)	-	(6,142)
NET INCREASE (DECREASE) IN FUNDS WITH U.S. TREASURY	23,148	(15,987)	(1,997)	5,408	10,572	-	10,572
FUNDS WITH U.S. TREASURY, beginning of year	89,708	25,844	21,277	28,371	165,200	-	165,200
FUNDS WITH U.S. TREASURY, end of year	\$ 112,856	\$ 9,857	\$ 19,280	\$ 33,779	\$ 175,772	\$ -	\$ 175,772

U.S. GOVERNMENT PRINTING OFFICE
Supplemental Schedule of Appropriated Funds
 For the Fiscal Years Ended September 30, 1999 and 1998
 (Dollars in thousands)
 (Unaudited)

	Salaries and Expenses Appropriation	Congressional Printing and Binding Appropriation	Total General Fund	
			1999	1998
APPROPRIATIONS, beginning of year (on cash basis)	\$ 21,278	\$ 32,120	\$ 53,398	\$ 66,416
FUNDS PROVIDED - Appropriations	29,264	74,465	103,729	99,729
- Financed from Revolving Fund	-	-	-	3,748
Total funds available	50,542	106,585	157,127	169,893
FUNDS APPLIED				
Obligated appropriations:				
Current year	20,967	55,410	76,377	80,904
Prior years	10,140	17,398	27,535	35,591
Funds returned to U.S. Treasury	155	-	155	-
Total funds applied	31,262	72,806	104,067	116,495
APPROPRIATIONS, end of year (on cash basis)	19,281	33,779	53,060	53,398
ADJUSTMENTS				
Intra-agency accounts receivable	107	-	107	3,921
Intra-agency accounts payable	(3,411)	-	(3,411)	(1,420)
APPROPRIATIONS, end of year (on accrual basis)	\$ 15,977	\$ 33,779	\$ 49,756	\$ 55,899

U.S. GOVERNMENT PRINTING OFFICE
Supplemental Schedule of Balance Sheets for Revolving Fund
As of September 30, 1999 and 1998
(Dollars in thousands)
(Unaudited)

	Printing and Binding Operations		Sales of Publications Operations		Total Revolving Fund 1999			Total Revolving Fund 1998		
	1999	1998	1999	1998	Before Elimi- nations	Elimi- nations	Consolidated	Before Elimi- nations	Elimi- nations	Consolidated
ASSETS										
CURRENT ASSETS										
Funds with U.S. Treasury	\$ 112,856	\$ 85,959	\$ 9,857	\$ 25,843	\$ 122,713	\$ -	\$ 122,713	\$ 111,802	\$ -	\$ 111,802
Accounts receivable	172,043	164,024	4,346	2,629	176,389	(12,481)	163,908	166,653	(15,657)	150,996
Inventories	12,382	14,030	9,439	8,700	21,821	-	21,821	22,730	-	22,730
Prepaid expenses	610	656	-	-	610	-	610	656	-	656
Total current assets	297,891	264,669	23,642	37,172	321,533	(12,481)	309,052	301,841	(15,657)	286,184
PROPERTY, PLANT, AND EQUIPMENT										
Land and buildings	18,633	18,633	-	-	18,633	-	18,633	18,633	-	18,633
Building improvements	55,450	55,166	-	-	55,450	-	55,450	55,166	-	55,166
Leasehold improvements	1,311	1,603	-	-	1,311	-	1,311	1,603	-	1,603
Plant machinery and equipment	83,832	81,397	-	-	83,832	-	83,832	81,397	-	81,397
Office machinery and equipment	21,699	19,355	-	-	21,699	-	21,699	19,355	-	19,355
Computer software	17,449	16,242	-	-	17,449	-	17,449	16,242	-	16,242
Furniture and fixtures	3,112	3,048	-	-	3,112	-	3,112	3,048	-	3,048
Vehicles	3,243	3,243	-	-	3,243	-	3,243	3,243	-	3,243
Capital improvements in process	1,092	256	-	-	1,092	-	1,092	256	-	256
Software development in process	3,572	3,994	-	-	3,572	-	3,572	3,994	-	3,994
Less: Accumulated depreciation and amortization	(136,019)	(129,124)	-	-	(136,019)	-	(136,019)	(129,124)	-	(129,124)
Net property, plant, and equipment	73,374	73,813	-	-	73,374	-	73,374	73,813	-	73,813
Total assets	\$ 371,265	\$ 338,482	\$ 23,642	\$ 37,172	\$ 394,907	\$ (12,481)	\$ 382,426	\$ 375,654	\$ (15,657)	\$ 359,997

U.S. GOVERNMENT PRINTING OFFICE
Supplemental Schedule of Balance Sheets for Revolving Fund
 As of September 30, 1999 and 1998
 (Dollars in thousands)
 (Unaudited)

	Printing and Binding Operations		Sales of Publications Operations		Total Revolving Fund 1999			Total Revolving Fund 1998		
	1999	1998	1999	1998	Before Elimi- nations	Elimi- nations	Consolidated	Before Elimi- nations	Elimi- nations	Consolidated
LIABILITIES AND EQUITY OF THE U.S. GOVERNMENT										
CURRENT LIABILITIES										
Accounts payable and accrued expense	\$ 92,082	\$ 86,413	\$ 7,566	\$ 9,276	\$ 99,648	\$ (12,481)	\$ 87,167	\$ 95,689	\$ (15,657)	\$ 80,032
Deferred revenue	40,707	20,424	20,760	23,141	61,467	-	61,467	43,565	-	43,565
Accrued annual leave	10,542	11,331	-	-	10,542	-	10,542	11,331	-	11,331
Total current liabilities	143,331	118,168	28,326	32,417	171,657	(12,481)	159,176	150,585	(15,657)	134,928
OTHER LIABILITIES										
Workers' compensation liability	32,634	28,881	-	-	32,634	-	32,634	28,881	-	28,881
Total other liabilities	32,634	28,881	-	-	32,634	-	32,634	28,881	-	28,881
Total liabilities	175,965	147,049	28,326	32,417	204,291	(12,481)	191,810	179,466	(15,657)	163,809
EQUITY OF THE U.S. GOVERNMENT										
Revolving fund	195,300	191,433	(4,684)	4,755	190,616	-	190,616	196,188	-	196,188
Appropriated funds	-	-	-	-	-	-	-	-	-	-
Total equity of the U.S. Government	195,300	191,433	(4,684)	4,755	190,616	-	190,616	196,188	-	196,188
Total liabilities and equity of the U.S. Government	\$ 371,265	\$ 338,482	\$ 23,642	\$ 37,172	\$ 394,907	\$ (12,481)	\$ 382,426	\$ 375,654	\$ (15,657)	\$ 359,997

U.S. GOVERNMENT PRINTING OFFICE
Consolidating Schedule of Revenues and Expenses by Major Program
For the Fiscal Years Ended September 30, 1999 and 1998
(Dollars in thousands)
(Unaudited)

	Printing and Binding Operations		Information Dissemination Operations		Congressional Printing and Binding		Other Operations		Total GPO Before Eliminations		Eliminations		Total GPO	
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
REVENUES:														
Printing and binding	\$693,543	\$644,050	\$ -	\$ -	\$ -	\$ -	\$ 2,281	\$ 2,934	\$695,824	\$646,984	\$ (107,689)	\$ (107,387)	\$688,135	\$639,597
Sales of blank paper	11,917	13,711	-	-	-	-	-	-	11,917	13,711	-	-	11,917	13,711
Sales of waste and scrap	358	422	-	-	-	-	-	-	358	422	-	-	358	422
Sales of publications	-	-	50,812	60,557	-	-	-	-	50,812	60,557	-	-	50,812	60,557
Appropriations	-	-	33,163	30,962	76,554	73,185	-	-	109,717	104,147	(808)	(913)	108,909	103,234
Reimbursements	-	-	4,866	5,077	-	-	-	-	4,866	5,077	-	-	4,866	5,077
Total revenues	705,818	658,183	88,841	96,596	76,554	73,185	2,281	2,934	873,494	830,898	(108,497)	(108,300)	764,997	722,598
EXPENSES:														
Printing and reproduction	473,023	430,393	15,781	15,170	76,554	73,185	-	-	565,358	518,748	(105,741)	(105,160)	459,617	413,588
Personnel compensation and benefit	165,569	158,912	40,863	37,616	-	-	86	208	206,518	196,736	(1,498)	(1,707)	205,020	195,029
Supplies and materials	35,310	38,500	3,081	1,922	-	-	7	14	38,398	40,436	(110)	(93)	38,288	40,343
Rents, communications, and utilities	12,130	11,756	12,543	15,473	-	-	662	674	25,435	27,903	(228)	(270)	25,207	27,633
Publications sold	-	-	13,406	16,806	-	-	-	-	13,406	16,806	-	-	13,406	16,806
Depreciation and amortization	6,205	5,909	1,465	1,780	-	-	733	677	8,403	8,366	-	-	8,403	8,366
Other services	6,337	6,035	2,698	5,628	-	-	195	134	9,230	11,797	(920)	(1,070)	8,310	10,727
Surplus publications	-	-	3,336	2,963	-	-	-	-	3,336	2,963	-	-	3,336	2,963
Travel and transportation	3,447	2,509	5,008	3,259	-	-	-	-	8,455	5,768	-	-	8,455	5,768
Total expenses	702,021	654,014	98,281	100,617	76,554	73,185	1,683	1,707	878,539	829,523	(108,497)	(108,300)	770,042	721,223
NET INCOME (LOSS)	\$ 3,797	\$ 4,169	\$ (9,440)	\$ (4,021)	\$ -	\$ -	\$ 598	\$ 1,227	\$ (5,045)	\$ 1,375	\$ -	\$ -	\$ (5,045)	\$ 1,375

U.S. GOVERNMENT PRINTING OFFICE
Supplemental Schedule of Revenues and Expenses for Printing and Binding Operations
 For the Fiscal Years Ended September 30, 1999 and 1998
 (Dollars in thousands)
 (Unaudited)

					Total In-House Printing				Purchased Printing				Total Printing and Binding Operations			
	Plant Printing Operations		Regional Printing		1999	Percent of Revenues	1998	Percent of Revenues	1999	Percent of Revenues	1998	Percent of Revenues	1999	Percent of Revenues	1998	Percent of Revenues
	1999	1998	1999	1998												
REVENUES																
Printing and binding	\$178,686	\$175,080	\$ 1,250	\$ 1,534	\$179,936	94	\$176,614	93	\$513,607	100	\$467,436	100	\$693,543	98	\$644,050	98
Sales of blank paper	11,917	13,711	-	-	11,917	6	13,711	7	-	-	-	-	11,917	2	13,711	2
Sales of waste and scrap	358	422	-	-	358	0	422	0	-	-	-	-	358	0	422	0
Total revenues	190,961	189,213	1,250	1,534	192,211	100	190,747	100	513,607	100	467,436	100	705,818	100	658,183	100
EXPENSES																
Printing and reproduction	-	-	-	-	-	-	-	-	473,023	93	430,393	92	473,023	67	430,393	64
Personnel compensation and benefits	128,733	123,187	1,415	1,491	130,148	67	124,678	65	35,421	7	34,234	7	165,569	23	158,912	25
Supplies and materials	33,676	36,874	249	267	33,925	18	37,141	19	1,385	0	1,359	0	35,310	5	38,500	6
Rents, communications, and utilities	6,414	6,441	268	333	6,682	3	6,774	4	5,448	1	4,982	2	12,130	2	11,756	2
Depreciation and amortization	5,677	5,438	21	57	5,698	3	5,495	3	507	0	414	0	6,205	1	5,909	1
Other services	5,328	4,795	43	46	5,371	3	4,841	3	956	0	1,194	0	6,337	1	6,035	1
Travel and transportation	952	769	16	10	967	1	779	0	2,480	0	1,730	0	3,447	0	2,509	0
Total expenses	180,780	177,504	2,011	2,204	182,791	95	179,708	94	519,230	101	474,306	101	702,021	99	654,014	99
NET INCOME (LOSS)	\$ 10,181	\$ 11,709	\$ (761)	\$ (670)	\$ 9,420	5	\$ 11,039	6	\$ (5,623)	(1)	\$ (6,870)	(1)	\$ 3,797	1	\$ 4,169	1

U.S. GOVERNMENT PRINTING OFFICE

Supplemental Schedule of Revenues and Expenses for Information Dissemination

For the Fiscal Years Ended September 30, 1999 and 1998
(Dollars in thousands)
(Unaudited)

	Sales of Publications Programs				Agency Distribution Services				Salaries and Expenses Programs				Total Information Dissemination			
	Percent of		Percent of		Percent of		Percent of		Percent of		Percent of		Percent of		Percent of	
	1999	Revenues	1998	Revenues	1999	Revenues	1998	Revenues	1999	Revenues	1998	Revenues	1999	Revenues	1998	Revenues
REVENUES																
Sales of publications	\$ 50,812	100	\$ 60,557	100	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 50,812	58	\$ 60,557	63
Appropriations	-	-	-	-	-	-	-	-	33,163	100	30,962	100	33,163	37	30,962	32
Reimbursements	-	-	-	-	4,866	100	5,077	100	-	-	-	-	4,866	5	5,077	5
Total revenues	50,812	100	60,557	100	4,866	100	5,077	100	33,163	100	30,962	100	88,841	100	96,596	100
EXPENSES																
Printing and reproduction	476	1	309	1	99	2	71	1	15,206	47	14,790	48	15,781	18	15,170	16
Personnel compensation and benefits	27,611	53	26,309	43	2,669	52	2,880	57	10,683	32	8,427	27	40,863	46	37,616	39
Supplies and materials	1,824	4	1,277	2	164	3	134	3	1,093	3	511	2	3,081	3	1,922	2
Rents, communications, and utilities	7,709	15	12,173	20	1,551	33	1,953	39	3,383	10	1,347	4	12,643	14	15,473	16
Publications sold	13,406	26	16,806	28	-	-	-	-	-	-	-	-	13,406	15	16,806	17
Depreciation and amortization	983	2	1,276	2	116	2	158	3	366	1	346	1	1,465	2	1,780	2
Other services	1,794	4	1,313	2	129	3	169	3	775	2	4,146	13	2,698	3	5,628	6
Surplus publications	3,336	7	2,953	5	-	-	-	-	-	-	-	-	3,336	4	2,953	3
Travel and transportation	2,920	6	1,757	3	431	9	107	2	1,657	5	1,395	5	5,008	6	3,259	3
Total expenses	60,059	118	64,183	106	5,059	104	5,472	108	33,163	100	30,962	100	98,281	111	100,617	104
NET (LOSS) INCOME	\$ (9,247)	(18)	\$ (3,626)	(6)	\$ (193)	(4)	\$ (395)	(8)	\$ -	-	\$ -	-	\$ (9,440)	(11)	\$ (4,021)	(4)



United States Government Printing Office
Washington, DC 20401

OFFICE OF THE PUBLIC PRINTER

January 28, 2000

Mr. Paul Geraty
KPMG LLP
2001 M Street, NW
Washington, DC 20036-3389

Dear Mr. Geraty:

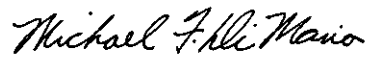
In connection with your examination of our assertion regarding internal controls over financial reporting of the United States Government Printing Office (GPO) as of September 30, 1999, and for the year then ended, we make the following representations:

1. The GPO is responsible for establishing and maintaining an internal control structure.
2. Pursuant to Office of Management and Budget (OMB) Circular A-123, *Management Accountability and Control*, we have assessed the effectiveness of the GPO internal controls in achieving the following objectives:
 - a. Reliable financial reporting. Transactions are properly recorded, processed, and summarized to permit the preparation of the financial statements in conformity with generally accepted accounting principles, and the safeguarding of assets against loss from unauthorized acquisition, use, or disposition.
 - b. Compliance with applicable laws and regulations. Transactions are executed in accordance with: (a) laws governing the use of budget authority and other laws and regulations that could have a direct and material effect on the financial statements, and (b) any other laws and regulations or government-wide policies that entity management or the Inspectors General have identified as being significant for which compliance can be objectively measured and evaluated.
3. Except as disclosed in the Independent Auditors' Report, all internal controls are operated in accordance with applicable policies and procedures and are effective in meeting the foregoing objectives as set forth in OMB Circular A-123.

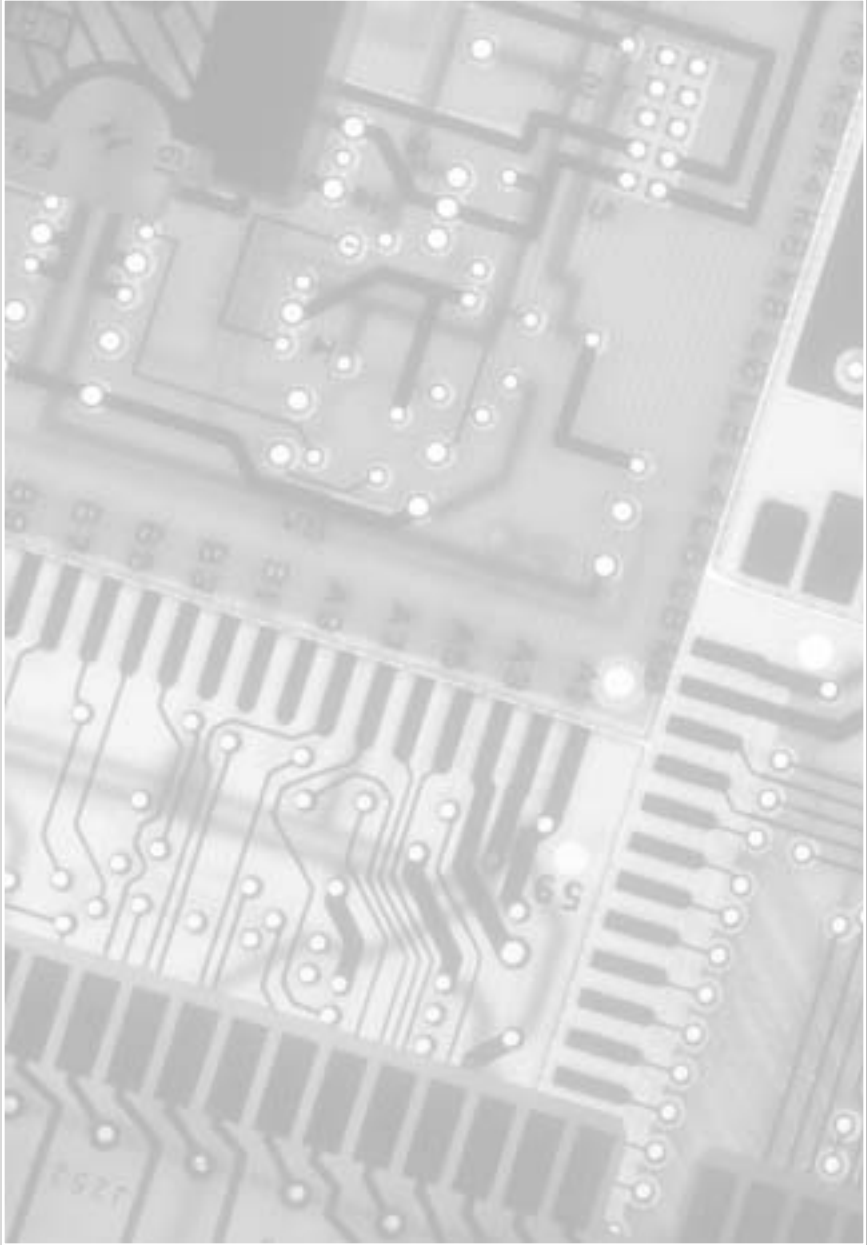
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There have been no changes subsequent to September 30, 1999, that would significantly affect internal controls over financial reporting.

Sincerely,

A handwritten signature in cursive script that reads "Michael F. DiMario".

MICHAEL F. DiMARIO
Public Printer



U.S. Government Printing Office

